



**State of Tennessee
Health Services and Development Agency**

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Date: February 11, 2016

To: HSDA Members

From: Melanie M. Hill, Executive Director

Re: CONSENT CALENDAR JUSTIFICATION

Open Arms Corporation d/b/a Greeneville # 3 East Church Street - Greeneville (Greene County), TN – CN1511-052

The establishment of a four bed ICF/IID home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed site on a 1.37 acre lot on the east quadrant of a 2.74 acre parcel on East Church Street in Greeneville (Greene County), Tennessee, 37743. The estimated project cost is \$1,370,000.

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a certificate of need. Need, Economic Feasibility and Contribution to the Orderly Development of Health Care appear to have been demonstrated as detailed below. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need. If you find one or more of the criteria have not been met, then a motion to deny is in order. Due to the sheer number of ICF/IID applications under review, some being recommended for CONSENT CALENDAR approval did not receive a 30-day review period.

At the time the application entered the review cycle on December 1, 2015, it was not opposed. If the application is opposed prior to it being heard, it will be moved to the bottom of the regular February agenda and the applicant will make a full presentation.

Summary

Open Arms Care Corporation d/b/a Greeneville # 3 is seeking to establish a 4-bed ICF/IID home to be managed by Integra Resources, LLC. If approved, the facility will be located on an unaddressed site on a 1.37 acre lot on the east quadrant of a 2.74 acre parcel of land on East Church Street. The site is adjacent to the location for a proposed companion application, Open Arms Care Corporation d/b/a Greeneville # 2, CN1511-054. Both projects are approximately 0.5 miles east of the intersection of Edgewood Drive. Please see the application for a description of the facility.

Open Arms operates over 30 facilities across Tennessee and according to the Department of Intellectual and Developmental Disabilities (DIDD) is very familiar with the licensing process through DIDD.

The need for this facility and all the proposed ICF/IID facilities that will be reviewed by the Agency over the next two months is the result of the closure of Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. GVDC is being closed as part of the Exit Plan in a 19-year old lawsuit by the Department of Justice against the State of Tennessee, which found unconstitutional conditions at the State of Tennessee's four developmental centers. The lawsuit will be fully dismissed once all residents of GVDC have been transferred into smaller homes in the community and GVDC is closed.

The following information came directly from the DIDD website and helps explain the need for this facility:

In April 1996, DIDD entered into a settlement agreement with the advocacy group People First, which had sued the state, charging violations of Civil Rights of Institutionalized Persons Act (CRIPA) at Clover Bottom and Greene Valley Developmental Centers. The United States Department of Justice strongly suggested that the state settle and, in December 1996, sued the state to become a party in the settlement negotiations.

Starting in May 2014, DIDD, the Bureau of TennCare and the Attorney General's office participated in court-ordered mediation for six months to reach an Exit Plan that ultimately will lead to the end of the nearly 20-year-old lawsuit. The Exit Plan was agreed to and executed by all of the parties to the lawsuit: the State, the U.S. Department of Justice, People First of Tennessee and the Parent Guardian Associations of Clover Bottom Developmental Center and Greene Valley Developmental Center.

On January 29, 2015, an order was issued by U.S. District Judge Kevin Sharp approving the Exit Plan. The order entered by Judge Sharp calls for a two-phase dismissal of the lawsuit based on the state completing obligations set forth in the Exit Plan.

The first phase is comprised of eight responsibilities DIDD and TennCare must complete by December 31, 2015 in order for the lawsuit to be partially dismissed.

The second phase requires the closure of Greene Valley Developmental Center in Greeneville by June 30, 2016. Upon closure, the lawsuit would be fully and finally dismissed.

More information can be found at <http://tn.gov/didd/topic/clover-bottom-exit-plan>.

When you open the link above you will also find a link identified as "Greene Valley Closure Plan" http://tn.gov/assets/entities/didd/attachments/GVDC_Closure_Plan_FINAL.pdf.

The closure plan provides very detailed information regarding the closure and community transition process. It also notes the State of Tennessee will no longer be a willing provider of Intermediate Care Facility services for Individuals with Intellectual Disabilities (ICF/IID) at Greene Valley Developmental Center (GVDC). Instead, it states current GVDC residents will receive appropriate services and supports in alternative, community-based settings. The plan notes the Vision and Mission of the Department of Intellectual and Developmental Disabilities is to support all Tennesseans with intellectual and developmental disabilities to live fulfilling and rewarding lives and to become the nation's most person-centered and cost effective state support system.

Finally, United States District Court Judge Kevin Sharp of the Middle District of Tennessee who has overseen the Exit Plan was quoted as saying the Plan is *'fair, reasonable and adequate'* and *provides the next iteration of improvement to the lives of those with disabilities in Tennessee. It will test political will and legislative leadership to continue that progress and to determine how best to care for those often left in the shadows.*

Please refer to the staff summary and the TDIDD report for a detailed narrative of the project.

Executive Director Justification -

I recommend approval of certificate of need application CN1511-052 to establish a 4-bed ICF/IID on unaddressed 1.37 acre lot on the east quadrant of a 2.74 acre parcel on East Church Street in Greeneville (Greene County). My recommendation for approval is based upon my belief the following general criteria for a certificate of need have been met.

Need- Need is met, as this will transition four residents from the announced closure of GVDC. This is the last obligation that must be met to settle the State's 19-year old lawsuit {DOJ (People First of Tennessee) et al. v. CBDC lawsuit}. Judge Sharp found the State's Exit Plan "fair, reasonable, and adequate". These residents will continue to receive appropriate services and supports but they will now receive them in a community-based setting and in a home-like environment.

Economic Feasibility- The project is economically feasible based upon the applicant obtaining a construction loan to build the facility and the cost-based Medicaid reimbursement it will receive which is set by the Comptroller's Office. Since the State of Tennessee is the payor for this service, this is much more economically feasible for the state.

Contribution to the Orderly Development of Health Care-According to DIDD, this criteria is met based upon this provider's proven track record of providing services within both state and federal

regulations, prior contractual relationships with both TennCare and the Department, and an understanding of both the intellectual disability population and the intellectual disability system in Tennessee. Additionally, it meets the goals set for GVDC residents to receive appropriate services and supports in alternative, community-based settings.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency-- 0720-10-.05 CONSENT CALENDAR

(1)Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2)In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4)If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5)Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
FEBRUARY 24, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: Open Arms Care Corporation d/b/a
Greeneville #3 East Church Street (East)

PROJECT NUMBER: CN1511-052

ADDRESS: East Church Street
Greeneville, (Greene County), Tennessee 37743

LEGAL OWNER: Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN (Williamson County), TN 37027

OPERATING ENTITY: Integra Resources, LLC
144 Second Ave North
Nashville, TN 37201

CONTACT PERSON: Michael D. Brent, Attorney
(615) 252-6361

DATE FILED: November 10, 2015

PROJECT COST: \$1,370,000

FINANCING: Commercial Loan

REASON FOR FILING: The establishment of a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID). *The 4 beds are subject to the 160 bed ICF/IID Bed Pool.*

DESCRIPTION:

Open Arms Care Corporation d/b/a Greeneville #3 East Church Street (East) is seeking approval to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) on an unaddressed 1.37 acre site on the

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east side of a 2.74 acre parcel currently located at an unaddressed site located on East Church Street, Greeneville (Greene County), Tennessee 37743. The site will be adjacent to the 4-bed Open Arms residential home proposed in a companion application, Open Arms Care Corporation d/b/a Greeneville #2 Church Street, CN1511-054. Both of the proposed homes on the 2.74 acre property are approximately 0.5 mile east of the intersection of Edgewood Drive.

Open Arms Care Corporation is a Georgia non-profit corporation formed in 1986. As a licensed and Medicaid-certified ICF/IID provider, Open Arms has provided care for individuals in Tennessee requiring ICF/IID services since 1990. Currently, Open Arms operates 32 eight (8) bed residential group homes and 8 day treatment centers in multiple counties across Tennessee.

ICF/IIDs are intended to provide individuals with intellectual disabilities individualized health care and rehabilitation to promote their functional status and independence. All Open Arms residential group homes in Tennessee are managed by Integra Resources, LLC, who will also manage the proposed facility in this project. Integra will be responsible for the provision of nursing care, support services, and therapy services including physical, occupational, speech, and nutritional therapy services. The applicant will serve 4 individuals currently residing in the Greene Valley Developmental Center located in Greeneville, (Greene County), TN.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

INTELLECTUAL DISABILITY HABILITATION FACILITY (ICF/IID) ICF/IID FACILITIES

A. Need

1. The population-based estimate of the total need for ICF/ID facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria to be appropriate for ICF/ID services.

Application of this formula to the projected 2015 population of Greene County (71,945) results in a gross need for 23 ICF/IID beds.

It appears that this criterion has been met.

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2. The estimate for total need should be adjusted by the existent ICF-ID beds operating in the area as counted by the Department of Health, the Department of Mental Health and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities in the Joint Annual Reports."

There are currently 84 ICF/IID beds operating in Greene County. Subtracting these 84 beds from the 23 gross bed need results in a bed surplus of 61 beds. The Department of Intellectual and Developmental Disabilities (DIDD) indicates 36 ICF/IID beds are needed for GVDC residents who have chosen to remain in Greene County after the closure of GVDC. In addition, DIDD indicates the existing ICF/IID beds in Greene County are full and there is not sufficient existing capacity in Greene County for those persons remaining at GVDC.

Since the applicant is proposing a new 4 bed ICF/IID in a County where existing ICF/IIDs are operating at full capacity, it appears that this criterion has been met.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

A table of driving distances and times for basic services from the proposed ICF/IID location is located on pages 22-23 of the original application. The distance from the site of the proposed project to GVDC is slightly over 12 minutes driving time.

It appears that this criterion has been met.

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needing services involuntarily.

The proposed project will be providing services to individuals currently residing at GVDC and who has chosen to continue to reside in Greene County. These individuals have developmental disabilities and complex

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medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessments. These services are available to all who need and qualify for services. The proposed project is 2.3 miles, or 6 minutes driving time, of Laughlin Hospital (140 licensed beds) located in Greeneville (Greene County), TN.

It appears that this criterion has been met.

C. Relationship to Existing Applicable Plans

- 1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration."**

The Commissioner of the Department of Intellectual and Developmental Disabilities (DIDD) has submitted a letter that supports this application as it contributes to the policy of moving residents from large developmental centers which are inefficient and do not produce economy of scales due to older inefficient buildings to private operation of smaller 4 person ICF/IID homes which are more efficient and economically feasible for the state.

It appears that this criterion has been met.

- 2. The proposal's relationship to underserved geographic areas and underserved population groups such as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.**

The applicant indicates there are 75 individuals awaiting placement and this facility is one of several ICF/IID residential home facilities that are available to accept patients being discharged from GVDC.

It appears that this criterion has been met.

- 3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

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There are 84 ICF/IID 4-bed homes located in Greene County. All the beds are currently occupied. The proposed project will serve current residents of GVDC, so the proposed project should have no impact on similar services supported by state and federal appropriations.

It appears that this criterion has been met.

4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant has indicated that 96% of the funding for the proposed project will be TennCare reimbursement and 4% Supplemental Security Income (SSI).

It appears that this criterion has been met.

D. Relationship to Existing Similar Services in the Community

1. The area's trend in occupancy and utilization of similar services should be considered.

There are 84 existing ICF/IID 4-bed homes currently in Greene County. These beds are currently occupied. If approved, this project will not impact the utilization of existing ICF/IID providers in Greene County.

It appears that this criterion has been met.

2. Accessibility to specific special need groups should be an important factor.

The proposed facility has been designed to accommodate needs of residents living with intellectual or developmental disabilities, including residents who are medically fragile. Residents will have access to family practice physicians and the local hospital. Open Arms, through its facility manager Integra Resources, will provide access to services provided by physical therapists, physical therapy assistants, occupational therapists, speech language pathologists, dietitians, nurses, and other licensed clinical professionals, as appropriate.

It appears that this criterion has been met.

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STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Open Arms Care Corporation (Open Arms) proposes to construct a new 4-bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) in Greeneville (Greene County), TN for the purpose of transitioning 4 individuals into a smaller, group home located in the community. The proposed home will house 4 current residents of the Greene Valley Developmental Center (GVDC), Greeneville (Greene County), TN. Open Arms residential group home ICF/IID beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. ICF/IIDs provide comprehensive and individualized health care and rehabilitation services to promote the functional status and independence of individuals with intellectual disabilities.

These individuals have developmental disabilities and complex medical needs, which may include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessment. The age range of the men and women with developmental disabilities who need ICF/IID services is 18-70.

Open Arms employs nursing staff, physical therapists, occupational therapists, and speech language pathologists.

The following chart displays the availability of essential services to residents of the proposed project.

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Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Greeneville, TN	Facility is within city limits	Not applicable
Hospital	Laughlin Memorial Hospital	2.3 miles	6 minutes
Physician Offices	Philip Thwing, MD Family Practice	0.7 miles	2 minutes
EMS/Fire Station	Greeneville Fire Station 1323 Mt. Bethel Rd. #4 Greeneville, TN	0.6 miles	1 minute
Day Treatment (if applicable)	N/A	N/A	N/A
Green Valley Development Center		5.5 miles	12 minutes

Source: CN1511-052

Note to Agency members: The following statement from the DIDD Report on the proposed project provides history and development of 4-bed ICF/IID homes as follows: "The need for the development of the four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et.al. v. The Clover Bottom Developmental Center et. Al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community." As noted above GVDC is scheduled to close June 30, 2016 but could be extended up to 12 additional months.

The target date for completion of the project is November 2016.

ICF/IID Bed Pool

T.C.A. §71-5-105(b) enacted by the General Assembly, seeks to increase the total number of ICF/IID beds by 160 beds. These beds are then intended to be filled by individuals from state operated Developmental Centers.

- The applicant is requesting 4 beds from the bed pool as the residents of the proposed project currently reside in GVDC.
- As of February 1, 2016, there are currently 76 ICF/IID beds available in the bed pool with 52 ICF/IID beds pending review at HSDA Agency meetings in February – March 2016.
- A copy of the 160 Bed Pool Report is attached at the end of this summary.

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Ownership

- Open Arms Care Corporation is a Georgia non-profit corporation formed in December 1986. Open Arms is licensed by DIDD to provide Medical Residential and Supported Living and licensed day treatment center services throughout Tennessee.
- Formerly known as the Rebound Care Corporation prior to calendar year 2000, Open Arms has 32 eight (8) bed ICF/IID facilities or licensed residential institutional habilitation facilities (residential group homes) with locations in Shelby, Davidson Williamson, Hamilton and Knox Counties. Open Arms also operates 5 licensed day treatment centers in Tennessee. Please refer to the organizational chart in Attachment A.4 for a listing of these locations.
- Open Arms will be the licensed operator of the proposed 4-bed ICF/IID residential group home with day-to-day management to be contracted with Integra Resources, LLC, the manager of all existing Open Arms licensed facilities in TN.
- Open Arms will lease the facility from WCO AL DP, LLC (landlord), a subsidiary of Woodbine Community Organization. WCO is a TN non-profit corporation with no relationship to the applicant other than a contractual relationship for the land and building leases of all 32 Open Arms ICF/IID facilities in TN.
- WCO will purchase the land and building for the project through a development agreement with Facilities Development Group, LLC, (FDG) subject to FDG's acquisition of the land from the current owner.
- Documentation of the applicant's legal interest in the site, including a visual/chart showing the key phases of the development arrangement between the parties, is provided in the November 25, 2015 Supplemental #2 Response.

Facility Information

- The facility will be a newly constructed 2,800 square foot, one story fully sprinkled and accessible home on a 1.37 acre lot of a 2.74 acre parcel.
- If approved, the proposed residential group home and the home proposed in its companion application, Open Arms Care Corporation d/b/a Greeneville # 2 East Church Street (West), CN1511-054, will both be located on the same 2.74 acre parcel.
- The home will consist of a living room, dining room, kitchen, laundry room, four bed rooms, 2 1/2 bathrooms, screened porch, an outside storage closet, and a carport.

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- A backup generator will be available on-site to ensure essential resident services are not interrupted by unexpected power outages.
- An 11/17/2016 letter from Dave Johnson, AIA, Principal, STG Design, attests to the estimated construction cost of the proposed 4 bed home and conformance with all applicable building and safety codes, including design of the facility in accordance with current AIA Guidelines for Design and Construction of Health Care Facilities.

Project Need

The applicant provided the following justification for the project:

- The current bed need formula identified gross need for 23 ICF/IID beds in Greene County. Subtracting the existing 84 ICF/IID beds in Greene County results in a net surplus of 61 additional ICF/IID beds.
- The Department of Intellectual and Developmental Disabilities indicate 36 *ICF/IID* beds are needed for GVDC residents who have chosen to remain in Greene County after the closure of GVDC.
- The area wide occupancy for the existing 84 bed homes in Greene County was 98.8% in 2014.
- The families and conservators for individuals moving out of GVDC are requesting that their family members move to ICF beds in the community setting.

Service Area Demographics

The applicant's declared service area is Greene County. An overview of the service area is provided as follows:

- The total population of Greene County is estimated at 71,945 residents in calendar year (CY) 2015 increasing by approximately 3.1% to 74,149 residents in CY 2019.
- The overall statewide population is projected to grow by 4.5% from 2015 to 2019.
- The 65 and older population is expected to comprise approximately 23.2% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Greene County will increase by approximately 14.4% from CY2015 to CY2019 compared to a statewide increase of 16% during the period.
- Based on October 2015 TennCare enrollee statistics, TennCare enrollees as a percentage of the total county population is 21.6%, compared with the state-wide average of 21.8%.

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Historical Utilization

There are currently 21 4-bed ICF/IID homes in Greene County owned and operated by Comcare (5 homes) and East Tennessee Homes (16 homes). Historical utilization for these facilities is presented in the table below.

Greene County ICF/IID Home Utilization-2012-2014

Name	Lic. Beds	2012 % Occupancy	2013 % Occupancy	% 2014 Occupancy
Total	84 (21-4 bed homes)	98.8%	99.3%	98.9%

Source: CN1511-052

The historical utilization table reflects the following:

- Greene County ICF/IID homes have remained essentially at full occupancy for each of the past three years.

Projected Utilization

The following table shows the projected utilization of the project.

Applicant's Facility Projected Utilization

Year	Licensed Beds	% Licensed Occupancy
*Year 1	4	100.0%
*Year 2	4	100.0%

Source: CN1510-052

- The applicant expects to operate at full occupancy each of the first two years of operation.

Project Cost

The total project cost is \$1,370,000. Major costs are:

- Facility Lease - \$1,327,500 or 96.7% of total cost.
- Contingency Fund-\$24,424 or 1.8% of total cost
- For other details on Project Cost, see the revised Project Cost Chart on page R-29 in the application.

Funding

An 11/20/2015 letter provided in Supplemental 1 from Bill Berrell, Senior Vice President and Director of Healthcare Funding, ServisFirst Bank, confirmed the availability of an \$8,000,000 commercial loan for the construction and permanent financing of up to 9 Open Arms ICF/IID facilities to facilitate the transition of residents from the Greene Valley Developmental Center.

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- The terms of the loan include a 7 year maturity date with interest anticipated at approximately 7.75%-8.25%, subject to market conditions and the loan to value ratio.
- Per Supplemental 2, the ServisFirst Bank management representative confirmed that Facilities Development Group, LLC (developer) would be allowed to assign the loan to WCO (landlord of proposed home) who would assume responsibility for repayment.
- Although the applicant will be leasing the proposed ICF/IID 4-bed facility, the total estimated acquisition and construction cost amounts to approximately \$885,000 per the detail shown on page 31 of the application.
- The applicant has the means to meet annual lease payments estimated at \$88,500 in Year 1 of the project. Review of Open Arms audited financial statements for the fiscal year ending 12/31/2014 revealed Cash and Cash Equivalents of \$1,376,934, Current Assets of \$5,539,244 and Current Liabilities of \$4,110,353 for a current ratio of 1.35 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- The proposed new 4-bed facility has no historical financial information.
- As a whole, review of the audited Consolidated Statement of Operations and Changes in Net Assets revealed Open Arms realized \$38,852,281 in total unrestricted revenues for the fiscal year (FY) period ending 12/31/2014.
- Based on approximately \$35,777,817 in total operating expenses, Open Arms realized approximately favorable earnings of approximately \$3,046,737 before interest, depreciation, taxes and amortization (EBIDTA) during FY 2014.

Projected Data Chart

The applicant projects \$1,157,833.00 in total gross revenue on 1,460 patient days in Year 1 increasing by 2.0% to \$1,180,990 on 1,460 patient days in Year 2 (approximately \$809 per day). The applicant projects breakeven in both Years 1 and 2 so that no net income is projected.

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Charges

The average gross daily patient charge is projected to be \$793/day in Year 1 increasing to \$809/day in Year 2. Since there are no deductions from revenue reported, the net charge is the same. The charges of 5 private 4 bed licensed Greene County ICF/IIDD homes owned by Comcare ranging from approximately \$408.75/day to a high of \$484.43/day was included in an email from Terry Jordon-Henley, DIDD Deputy Regional Director, which was included in Supplemental #2. Per the applicant, the rates are charged per person supported per day and are established by the Tennessee Comptroller of the Treasury.

Medicare/TennCare Payor Mix

The applicant expects the proposed project to be funded 96% by TennCare/Medicaid and 4% Client Responsibility.

Staffing

Total estimated staffing is estimated at approximately 17.18 fulltime equivalents (FTE) in Year 1. A breakout of the staffing in Year 1 includes the following:

- 0.5 FTE Resident Manager
- 0.67 FTE Qualified MR Professional
- 0.33 FTE Registered Nurse
- 2.8 FTE Licensed Practical Nurse
- 0.38 FTE Physical, Occupational and Speech Therapists
- 11.23 FTE Direct Support Staff
- .77 FTE Admin/Support Staff
- 0.5 FTE Housekeeping/Maintenance

Note: Generally speaking, one (1) FTE is equivalent to an individual that works 2,080 regular hours per year.

Licensure/Accreditation

If approved, the proposed facility will be licensed by the Department of Intellectual and Developmental Disabilities. A copy of the 01/26/2015 annual survey inspection conducted by DIDD for Open Arms facilities in Ooltewah (Hamilton County) is included in the application attachments. DIDD accepted the provider plan of correction and provided written notice of same on 02/18/2015.

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

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Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied applications, or outstanding Certificates of Need for this applicant.

Pending Applications

Open Arms Care Corporation dba Greeneville # 1 Chuckey Pike, CN1511-050, has a pending application that is scheduled to be heard at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville (Greene County, TN. The estimated project cost is \$1,370,000.

Open Arms Care Corporation dba Hamilton County #2 Gamble Road (Southwest), CN1511-051, has a pending application that will be heard at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home located on an unaddressed 1.5 acre site on the southwest quadrant of a 15.5 acre parcel being addressed as 7817 Gamble Road, Georgetown (Hamilton County), TN 37336. The estimated project cost is \$1,370,000.

Open Arms Care Corporation dba Hamilton County #1 Gamble Road (Southeast), CN1511-053, has a pending application that will be heard at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the southeast quadrant of a 15.5 acre lot on 7817 Gamble Road, Georgetown (Hamilton County), TN 37336. The estimated project cost is \$1,370,000.

Open Arms Care Corporation dba Greeneville #2 East Church Street-West, CN1511-054, has a pending application that is scheduled to be heard at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville (Greene County), TN. The estimated project cost is \$1,370,000.

Open Arms Care Corporation d/b/a Knox County #1 Bishops Bridge (Northeast), CN1512-062, has a pending application that will be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed ICF/IID

**Open Arms Care Corporation d/b/a
Greeneville #3 East Church Street (East)
CN1511-052
February 24, 2016**

home on an unaddressed lot approximately 0.25 acres, in the northeast quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishop Bridge Road, Knoxville (Knox County), TN. **The estimated cost is \$1,370,000.**

Open Arms Care Corporation d/b/a Knox County #2 Bishops Bridge (Northwest), CN1512-063, has a pending application that will be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed ICF/IID home on an unaddressed lot approximately 0.25 acres, in the northwest quadrant of a parcel of land which is 7.2 acres, currently being addressed as 1817 Bishop Bridge Road, Knoxville (Knox County), TN. **The estimated cost is \$1,370,000.**

Open Arms Care Corporation dba Knox County #4 South Northshore Drive (Northwest), CN1512-064, has a pending application that will be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on a 0.95 acre lot on the northwest half of a 1.91 acre parcel currently addressed as 12629 South Northshore Drive in Knoxville (Knox County), Tennessee 37922. **The estimated project cost is \$1,370,000.**

Open Arms Care Corporation dba Knox County #3 South Northshore Drive (Southeast), CN1512-065, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on a 0.95 acre lot on the southeast half of a 1.91 acre parcel currently addressed as 12629 South Northshore Drive in Knoxville (Knox County), Tennessee 37922. **The estimated project cost is \$1,370,000.**

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent or denied applications for other health care organizations in the service area proposing this type of service.

Pending Applications

Sunrise Community of Tennessee, CN1511-055, has a pending application that is scheduled to be heard at the February 24, 2016 Agency meeting for the establishment of a 4 bed ICF/IID home located at 680 Quaker Knob Road, Chuckey (Greene County), TN. **The estimated project cost is \$965,868.**

**Open Arms Care Corporation d/b/a
Greeneville #3 East Church Street (East)
CN1511-052
February 24, 2016**

D & S Services, LP, CN1512-059, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 1010 Old Stage Road, Greeneville (Greene County), Tennessee 37745. **The estimated total project cost is \$1,015,451.**

D & S Services, LP, CN1512-060, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 2609 Erwin Highway, Afton (Greene County), Tennessee 37616. **The estimated total project cost is \$874,858.**

D & S Services, CN1512-061, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 2619 Erwin Highway, Afton (Greene County), Tennessee 37616. **The estimated total project cost is \$874,858.**

Outstanding Certificates of Need

Sunrise Community of Tennessee, Inc., CN1510-043A, has an outstanding Certificate of Need that will expire on March 1, 2018. The project was approved at the January 27, 2016 Agency meeting to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) at 640 Old Shiloh Road, in Greeneville (Greene County), TN. The estimated project cost is **\$949,840.00**. *Project Status Update: The project was recently approved.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DIABILITIES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
01/26/2016

**Open Arms Care Corporation d/b/a
Greeneville #3 East Church Street (East)
CN1511-052
February 24, 2016**

ICF/IID BED POOL STATS

T.C.A. §71-5-105(b) 160 BED POOL

ICF/IID Beds APPROVED Since July 1, 2006	84 ICF/IID Beds
ICF/IID Beds DENIED Since July 1, 2006	0 ICF/IID Beds
Total Beds AVAILABLE from Bed Pool	76 ICF/IID Beds

ICF/IID Beds PENDING

52 ICF/IID beds

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Davidson	CN0707-053	Mur-Ci Homes, Inc.	Approved Implemented – 5/13/2009	10/24/2007	The addition of 32 residential ICF/IID beds to the existing 40 beds. Four single story buildings with eight (8) single bedrooms to be built on the existing property site. Located at 2984 Baby Ruth Lane, Antioch, Tennessee.
Hamilton	CN0807-044	Orange Grove Center 3400 Chandler Avenue	Approved Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3400 Chandler Avenue, Chattanooga, Tennessee.
Hamilton	CN0807-045	Orange Grove Center 3406 Chandler Avenue	Approved Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3406 Chandler Avenue, Chattanooga, Tennessee.
Bradley	CN0809-064	Bradley/Cleveland Services, Inc. Site A between 183 and 217, Kile Lake Road, SE	Approved Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site A will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Bradley	CN0809-065	Bradley/Cleveland Services, Inc., Site B between 183 and 217, Kile Lake Road, SE	Approved Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site B will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Rutherford	CN0810-078	Tennessee Family Solutions, Inc. 722-724 Stone Trace Drive	Approved Implemented – 9/1/2009	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 722-724 Stone Trace Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-079	Tennessee Family Solutions, Inc. 1502-1504 Rochester Drive	Approved Implemented – 7/19/2011	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1502-1504 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.

ICF/IID BED POOL STATS

Updated 2/10/2016

Page 1 of 3

Rutherford	CN0810-080	Tennessee Family Solutions, Inc. 1727-1729 Thomas Court	Approved Implemented - 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1727-1729 Thomas Court, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-081	Tennessee Family Solutions, Inc. 1432-1434 Rochester Drive	Approved Implemented - 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1432-1434 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Greene	CN0812-117	Comcare, Inc.	Approved Implemented - 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 32 Whinwind, Greeneville, Tennessee.
Greene	CN0812-118	Comcare, Inc.	Approved Implemented - 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 8 Burkey Road, Greeneville, Tennessee.
Greene	CN0812-119	Comcare, Inc.	Approved Implemented - 4/27/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 118 Marshall Lane, Greeneville, Tennessee.
Roane	CN1509-038	Michael Dunn Center	Approved	12/16/2015	The establishment of a four (4) bed ICF/IID home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748.
Greene	CN1510-043	Sunrise Community of Tennessee	Approved	1/27/2016	The establishment of a four (4) bed ICF/IID home on 640 Old Shiloh Road, Greeneville, Tennessee.
Greene	CN1511-050	Open Arms Care Corporation dba Greeneville #1 Chuckey Pike	Pending	2/24/2016	The establishment of a four (4) person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville, Tennessee.
Hamilton	CN1511-051	Open Arms Care Corporation dba Hamilton County #2 Gamble Road - Southwest	Pending	2/24/2016	The establishment of a four (4) person ICF/IID home on the southwest quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-052	Open Arms Care Corporation dba Greeneville #3 East Church Street - East	Pending	2/24/2016	The establishment of a four (4) person ICF/IID home the east half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Hamilton	CN1511-053	Open Arms Care Corporation dba Hamilton County #1 Gamble Road - Southeast	Pending	2/24/2016	The establishment of a four (4) person ICF/IID home the southeast quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-054	Open Arms Care Corporation dba Greeneville #2 East Church Street - West	Pending	2/24/2016	The establishment of a four (4) person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Greene	CN1511-055	Sunrise Community of Tennessee	Pending	2/24/2016	The establishment of a four (4) bed ICF/IID home on Quaker Knob Road, Chuckey, Tennessee.
Greene	CN1512-059	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 1010 Old Stage Road, Greeneville, Tennessee.

ICF/IID BED POOL STATS

Updated 2/10/2016

Page 2 of 3

Greene	CN1512-060	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2609 Erwin Highway, Afton, Tennessee.
Greene	CN1512-061	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2619 Erwin Highway, Afton, Tennessee.
Knox	CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northeast corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest half of 12629 South Northshore Drive, Knoxville, Tennessee.
Knox	CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the southeast half of 12629 South Northshore Drive, Knoxville, Tennessee.

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Greeneville Sun, which is a newspaper of general circulation in Greene County, Tennessee, on or before November 6, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 1.37 acres, which lot is the east half of the parcel of approximately 2.74 acres located on the south side of East Church Street, Greeneville (Greene County), Tennessee 37743, which is located approximately 0.05 mile east of the intersection of East Church Street and Edgewood Drive, and also described as a portion of Parcel 099 050.04 in the records of the Greene County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is \$1,370,000.00.

The anticipated filing date of the application is on or before November 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babbc.com.


 (Signature)

Nov. 6, 2015
 (Date)

mbrent@babbc.com
 (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

OPEN ARMS

CARE

CORPORATION

CN1511-052

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**Open Arms Care Corporation d/b/a
Greeneville #3 East Church Street (East)**

Certificate of Need Application

**Establishment of a 4-Bed Intermediate Care Facility for Individuals with
Intellectual Disabilities**

November 2015

1.	<u>Name of Facility, Agency, or Institution</u>													
<u>Open Arms Care Corporation d/b/a Greeneville #3 East Church Street (East)</u> Name														
<u>East Church Street</u> Street or Route			<u>Greene</u> County											
<u>Greeneville</u> City		<u>Tennessee</u> State	<u>37743</u> Zip Code											
2.	<u>Contact Person Available for Responses to Questions</u>													
<u>Michael D. Brent</u> Name			<u>Attorney</u> Title											
<u>Bradley Arant Boult Cummings LLP</u> Company Name			<u>mbrent@babbc.com</u> Email Address											
<u>1600 Division Street, Suite 700</u> Street or Route		<u>Nashville</u> City	<u>TN</u> State	<u>37203</u> Zip Code										
<u>Attorney for Manager</u> Association with Owner		<u>615-252-361</u> Phone Number	<u>615-252-6361</u> Fax Number											
3.	<u>Owner of the Facility, Agency or Institution</u>													
<u>Open Arms Care Corporation</u> Name			<u>(615)-254-4006</u> Phone Number											
<u>6 Cadillac Drive, Suite 350</u> Street or Route			<u>Williamson</u> County											
<u>Brentwood</u> City		<u>TN</u> State	<u>37027</u> Zip Code											
4.	<u>Type of Ownership of Control (Check One)</u>													
<table border="0"> <tr> <td>A. Sole Proprietorship _____</td> <td>F. Government (State of TN or Political Subdivision) _____</td> </tr> <tr> <td>B. Partnership _____</td> <td>G. Joint Venture _____</td> </tr> <tr> <td>C. Limited Partnership _____</td> <td>H. Limited Liability Company _____</td> </tr> <tr> <td>D. Corporate (For Profit) _____</td> <td>I. (Other) Specify _____</td> </tr> <tr> <td>E. Corporation (Not-for-Profit) <u>X</u></td> <td></td> </tr> </table>					A. Sole Proprietorship _____	F. Government (State of TN or Political Subdivision) _____	B. Partnership _____	G. Joint Venture _____	C. Limited Partnership _____	H. Limited Liability Company _____	D. Corporate (For Profit) _____	I. (Other) Specify _____	E. Corporation (Not-for-Profit) <u>X</u>	
A. Sole Proprietorship _____	F. Government (State of TN or Political Subdivision) _____													
B. Partnership _____	G. Joint Venture _____													
C. Limited Partnership _____	H. Limited Liability Company _____													
D. Corporate (For Profit) _____	I. (Other) Specify _____													
E. Corporation (Not-for-Profit) <u>X</u>														

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

Integra Resources, LLC

Name

144 Second Avenue North

Davidson

Street or Route

County

Nashville

TN

37201

City

State

Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

6. Legal Interest in the Site of the Institution (Check One)

- A. Ownership _____ D. Option to Lease _____ X
 B. Option to Purchase _____ E. Other (Specify) _____
 C. Lease of ___ Years _____

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER
AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL
ATTACHMENTS**

7. Type of Institution (Check as appropriate—more than one response may apply)

- | | |
|---|--|
| A. Hospital (Specify) _____ | I. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | J. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | K. Recuperation Center _____ |
| D. Home Health Agency _____ | L. Rehabilitation Facility _____ |
| E. Hospice _____ | M. Residential Hospice _____ |
| F. Mental Health Hospital _____ | N. Non-Residential Opioid Treatment Facility _____ |
| G. Mental Health Residential Treatment Facility _____ | O. Birthing Center _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) <u>X</u> | P. Other Outpatient Facility (Specify) _____ |
| | Q. Other (Specify) _____ |

8. Purpose of Review (Check as appropriate—more than one response may apply)

- | | |
|--|---|
| A. New Institution _____ <u>X</u> | G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] _____ |
| B. Replacement/Existing Facility _____ | H. Change of Location _____ |
| C. Modification/Existing Facility _____ | I. Other (Specify): _____ |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | |
| E. Discontinue of OB Services _____ | |
| F. Acquisition of Equipment _____ | |

9. Bed Complement Data**Please indicate current and proposed distribution and certification of facility beds.**Response:

		Current Beds		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
		Licensed	*CON			
A.	Medical	_____	_____	_____	_____	_____
B.	Surgical	_____	_____	_____	_____	_____
C.	Long-Term Care Hospital	_____	_____	_____	_____	_____
D.	Obstetrical	_____	_____	_____	_____	_____
E.	ICU/CCU	_____	_____	_____	_____	_____
F.	Neonatal	_____	_____	_____	_____	_____
G.	Pediatric	_____	_____	_____	_____	_____
H.	Adult Psychiatric	_____	_____	_____	_____	_____
I.	Geriatric Psychiatric	_____	_____	_____	_____	_____
J.	Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K.	Rehabilitation	_____	_____	_____	_____	_____
L.	Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M.	Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N.	Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P.	ICF/MR	_____	_____	_____	4	4
Q.	Adult Chemical Dependency	_____	_____	_____	_____	_____
R.	Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S.	Swing Beds	_____	_____	_____	_____	_____
T.	Mental Health Residential Treatment	_____	_____	_____	_____	_____
U.	Residential Hospice	_____	_____	_____	_____	_____
	TOTAL	_____	_____	_____	4	4

*CON—Beds approved but not yet in service.

10. Medicare Provider Number N/A

Certification Type N/A

11. Medicaid Provider Number TBD

Certification Type _____

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

Response: Yes

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area. N/A

Response to Section A, Item 3: Please see Attachment A.3.

Response to Section A, Item 4: Founded to address the needs of those moving out of large, state-run institutions, Open Arms Care Corporation, a Georgia nonprofit corporation ("Open Arms"), has 32 eight-resident homes, or Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"), located in or near Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. Please see Attachment A.4 for a list of facilities operated by Open Arms in Tennessee.

Through provider agreements with TennCare, Open Arms has been providing community-based facilities for individuals with intellectual and developmental disabilities for more than 25 years. Open Arms has no ownership shares or membership interests and is board-managed. Though Open Arms is a Georgia nonprofit corporation, the board of Open Arms is considering converting to a Tennessee nonprofit corporation. If the ultimate decision is to make such a conversion, a new Tennessee nonprofit corporation would be created and the existing Georgia corporation would be merged into it, with the result being that Open Arms would be a Tennessee corporation. The laws of some states allow a simpler process whereby a nonprofit corporation can change its domicile from one state to another, but that is not currently allowed for transitions from a Georgia to a Tennessee corporation.

Response to Section A, Item 5: Integra Resources, LLC ("Integra") manages all of Open Arms' ICF/IID facilities and is equally owned by SMI Group, LLC and Flatrock Investors, LLC. SMI Group, LLC is, in turn, equally owned by George Stevens and Jeff Mastroleo, while Flatrock Investors, LLC is equally owned by Joseph Torrence and Richard Brown.

George Stevens, Jeff Mastroleo, Joseph Torrence, and Richard Brown have directly applicable experience in areas including healthcare operations, affordable housing operations, financing and management, government service in the areas of mental health and affordable housing, and executive-level management of healthcare providers.

A copy of the management agreement with Integra is included as Attachment A.5.1 and copies of more information about its principals are collectively included as Attachment A.5.2.

Response to Section A, Item 6: The Applicant has an option to lease the building and the land upon which the building is located from WCO AL DP, LLC (the "Landlord"). The Landlord is a subsidiary of Woodbine Community Organization, a Tennessee nonprofit corporation, and has no relationship with Open Arms, other than a contractual relationship from the current leases to Open Arms of buildings and land for the operation of its 32 current facilities. The Landlord will purchase the land and building for the project from Facilities Development Group, LLC ("Developer") pursuant to a Development Agreement between the Landlord and Developer, after Developer has acquired and financed the land pursuant to the contract attached as Attachment A.6 and then arranged the construction and financing of the proposed facility. Open Arms then has an option to lease the completed, fully furnished facility from the Landlord. Please see Attachment A.6 for copies of the

Development Agreement and Option to Lease, and an illustration of the transactions between the parties.

Response to Section A, Item 13: The Applicant currently has contracts with the following managed care organizations: AmeriGroup, TennCare Select and BlueSelect.

NOTE: **Section B** is intended to give the Applicant an opportunity to describe the project and to discuss the need that the Applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

- I. **Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

Response:

Services

This project involves construction of a new 4-bed Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID") in Greeneville, Tennessee. This facility will be constructed for the purpose of transitioning four individuals from the Greene Valley Developmental Center ("GVDC"), a large, congregate institutional facility, into a smaller, group home located in the community. ICF/IID services are a Medicaid benefit for individuals with intellectual and developmental disabilities which provides individualized health care and rehabilitation services intended to increase functional status and independence.

The facility will be a one-story, fully accessible family home of approximately 2,800 square feet with four bedrooms, combination living/dining room, kitchen, laundry, office, and associated storage areas. The home will have two large, fully accessible bathrooms, one half bath, and a residential sprinkler system. Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. The overall goal is to provide the combination of an environment and services that will enrich their quality of life and sense of community. The Tennessee Department of Intellectual and Developmental Disabilities (DIDD) strongly supports this application as more fully expressed in its letter of recommendation, a copy of which is attached to this application as **Attachment B.1.**

Need/Existing Resources

Pursuant to an Exit Plan and Approved Order adopted by a federal court in January 2015, the Greene Valley Developmental Center must close on June 30, 2016, unless the timing for the Exit Plan is extended pursuant to its provisions allowing certain extensions (not to exceed June 30, 2017). This Court Order brought an end to longstanding litigation against several institutions for the intellectually disabled in Tennessee.¹ As a result of the litigation, the state has closed two similar institutions and transitioned their residents to other facilities or living arrangements. Under the terms of the Exit Plan and DIDD's Transition Plan for GVDC, the institution's remaining residents had the opportunity to choose between private ICF/IID services and state-based Medicaid waiver programs.² Seventy-five (75) of the 85 individuals remaining at GVDC as of early September 2015, have opted to move to private ICF/IID facilities, with 45 having expressed a desire to remain in the Greene County area.³ The proposed facility, located in Greene County, is being developed to serve four of these individuals. Please see Attachment B.3 for the letter from DIDD indicating all individuals in Greene County for whom DIDD intends the Applicant to provide ICF/IID services following GVDC's closure. The individuals who will reside in the facility will continue to be funded through the ICF/IID program following GVDC's closure.

Ownership

Open Arms is a licensed and Medicaid-certified ICF/IID provider in Tennessee – one of the largest in the state – and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates more than 30 facilities across Tennessee, with locations in Shelby, Davidson/Williamson, Hamilton, and Knox Counties. The Applicant is a non-profit corporation with no ownership shares or membership interests.

Staffing

The Applicant employs no staff in Greene County for its current programs. However, with its anticipated employment of some of GVDC's staff and recruitment of other qualified individuals, the Applicant anticipates having 2.4 LPN nursing FTE's and 11.23 FTE's of direct support personnel to staff the new facility's three shifts.

Project Cost, Funding, and Feasibility

The facility's estimated cost of construction is \$647,500, or \$231.25 per square foot. Please see Section C, Economic Feasibility, for additional information about costs for land, site preparation, and other costs. The project financing will include a commercial loan to the landlord (please see Attachment C. Economic Feasibility – 2).

¹ *People First of Tennessee, et al. v. Clover Bottom Developmental Center, et al.*, No. 3:95-cv-1227, Slip Op., 2015 WL 404077 at *1 (M.D. Tenn. Jan. 29, 2015).

² Both available at <https://www.tn.gov/didd/topic/clover-bottom-exit-plan>. TennCare's Home and Community Based (HCBS) Waiver programs serve "adults with intellectual disabilities and children under age six with developmental delay who qualify for and, absent the provision of services provided under [the waiver program], would require placement in a private [ICF/IID]." See TennCare, Statewide Waiver Program, available <https://www.tn.gov/tenncare/article/statewide-waiver-program>.

³ November 4, 2015 memo from Terry Jordan-Henley of DIDD, which is attached as Attachment B.2.

Because of the Applicant's extensive experience serving individuals with intellectual and developmental disabilities and its solid working relationship with DIDD, the Applicant believes that, in addition to being economically feasible, this project will greatly improve the lives of former GVDC residents.

B. II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within, the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response: The architect, Developer, and the Applicant's staff worked closely with a realtor to review several sites for suitability to construct the home and to evaluate utility and availability. The resulting location of the project is a 1.37-acre lot on the east side of a 2.74-acre parcel on the south side of East Church Street, 0.05 mile east of the street's intersection with Edgewood Drive, and will be a one-story, fully accessible family home with four bedrooms, living room, dining room, kitchen, laundry, and associated storage areas. The home will have two large, fully accessible bathrooms and one half bath. It will be constructed of brick and siding with asphalt shingles. There will be a residential sprinkler system. The home will be 2,800 square feet, and its estimated construction cost is \$231.25 per square foot, for a total approximated cost of \$647,500, which the Applicant believes is a reasonable cost for new construction of an ICF/IID facility in this area.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: The four beds to be created through this project are ICF/IID (formerly known as ICF/MR) beds and are intended to specifically serve individuals transitioning out of GVDC

as detailed above. This project will have no impact on existing services because it will directly replace four existing beds at GVDC that will no longer be in use following its closure.

C. As the Applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
- 11. ICF/IID Services (ICF/MR)**
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: This project involves the establishment of a small ICF/IID group home for four individuals transitioning from GVDC, pursuant to the Exit Plan. DIDD's Transition Plan for GVDC is evidence of the need for this project. Without the Applicant's project, individuals who have chosen to remain in the service area would not have the support they require to reside in their chosen county.

D. Describe the need to change location or replace an existing facility.

Response: Not applicable. This project involves the establishment of a new ICF/IID facility. The only facility being replaced is GVDC, which must close by June 30, 2016, pursuant to the Court Order unless an extension is granted pursuant to the Exit Plan as previously noted.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost; (As defined by Agency Rule).

2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.

Response: Not applicable.

2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

Response: Not applicable.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response: Not applicable.

B. III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (*in acres*);
 2. Location of structure on the site; and
 3. Location of the proposed construction.
 4. Names of streets, roads or highway that cross or border the site.
- Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: Please see Attachment B.III.A.

The residential area surrounding the parcel at E. Church Street is a residential neighborhood of single family homes similar to that proposed in this application. The following is a tabulation of the square footages of the homes in the immediate vicinity.

Address	Area of Home (sq. ft.)
1419 E. Church Street	1,092
1420 E. Church Street	1,334
1421 E. Church Street	1,008
1422 E. Church Street	1,338
1423 E. Church Street	1,080
1424 E. Church Street	1,646
1425 E. Church Street	1,401
1426 E. Church Street	1,620

1427 E. Church Street	1,303
1428 E. Church Street	780
1430 E. Church Street	1,735
1516 E. Church Street	1,260

Source: Tennessee Office of Information Resources GIS System, available <http://tn.tnmap.opendata.arcgis.com/>.

B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The project will house individuals transitioning from GVDC and will not be generally open to the public. Access for individuals housed at the site will be supervised by the facility's staff. Families of these individuals will have access to the facility from U.S. Highway 321, which runs through the heart of Greeneville and is an 8 minute drive from the facility. From U.S. Highway 321, visitors turn onto N. Main Street, follow the road south for 1.1 miles, and then turn left onto East Church Street. The facility is 1.4 miles down E. Church Street, just beyond Edgewood Drive.

B. IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

Response: Please see Attachment B.IV.

B. V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

NEED

- 1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

Principle 1: The purpose of the State Health Plan is to improve the health of Tennesseans.

Response: The new home will support this principle by ensuring all residents receive high quality health care. Residents will have medical care on an as-needed basis as well as per physician recommendations. The individuals will have access to services for all their healthcare needs, including mental health. They will have both planned and spontaneous activities to enjoy in their new community and they will be given the opportunity to participate in vocational training or job coaching.

Principle 2: Every citizen should have reasonable access to health care.

Response: The Applicant will ensure that all residents continue to receive medical care as needed as well as in the manner and on the schedule prescribed by regulations and residents' physicians. Additionally, the transition from a large facility such as GVDC to the home proposed by the Applicant in this application will provide residents with higher quality and more personalized medical care, as staff and physicians will have more time to monitor residents' physical and mental well-being.

Principle 3: The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

Response: Providing support in an ICF/IID is cost effective at the Applicant's facility due to concise staffing, preventive healthcare, management oversight of resource utilization, and design of a home specifically dedicated to the GVDC population. Ongoing cost efficiency will result from preventive healthcare and preservation of residents' existing mobility through therapy. Additionally, through its 25 years of experience, the Applicant will be able to put its expertise to work and take advantage of economies of scale possible due to its locations throughout the state, both of which will enable the Applicant to spend less money than would be spent by a less experienced applicant.

Principle 4: Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

Response: As a provider of ICF/IID services, the Applicant is regulated by both the state and the federal government. Further, as a decades-long ICF/IID services provider veteran,

the Applicant is well versed in satisfying these requirements and ensuring that its facilities meet regulatory and licensure expectations and standards. Tennesseans can be confident that services offered at one of the Applicant's facilities have the backing of this experience and regulatory oversight.

Principle 5: The state should support the development, recruitment and retention of a sufficient and quality health care workforce.

Response: The Applicant utilizes licensed and unlicensed personnel to provide cohesive care to the individuals supported. Additionally, the Applicant, with the addition of a new ICF/IID in the area, will ensure that these services remain available to the community and that individuals interested in providing the services continue to come to the community to work.

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.**

A. Need

- 1. The population-based estimate of the total need for ICF/MR facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria and be appropriate for ICF/MR services.*

Response: The 2015 population of Greene County, Tennessee is estimated to be 71,945 with 100 ICF/IID beds in the county as of 2014. Using the need-based estimate of .032%, the need in Greene County is 23 beds.

This project, however, does not involve the development of new ICF/IID beds. Therefore, the population-based needs analysis in the Guidelines for Growth is inapplicable. The beds which are being used by this project serve only to replace beds already in existence at GVDC and are being built in response to the need for services arising from the closure of GVDC, which would otherwise eliminate these beds. Thus, no net increase in the number of ICF/IID beds is intended by this application.

Further, the need estimate does not accurately reflect the need in Greene County due to the county's history as one of only three counties in Tennessee with a ICF/IID institutional facility like GVDC. There is a concentration of individuals from counties throughout the state who need ICF/IID services in Greene County, skewing the accuracy of the need estimate formula. The presence of GVDC in Greene County means that the need is actually much greater than expressed by the calculation.

- 2. The estimate for total need should be adjusted by the existent ICF/MR beds operating in the area as counted by the Department of Health, Department of Mental*

Health and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

Response: The total estimated need minus the existing beds leaves a need of -77 beds in Greene County. However, according to DIDD,⁴ 45 ICF/IID beds are needed for GVDC residents who wish to remain in the Greene County area. All existing ICF/IID beds in the Greene County area are full, and there is not sufficient existing capacity in the area to develop services for remaining GVDC residents by June 30, 2016, without development of new ICF/IID beds. The Applicant is one of three providers coordinating with DIDD to develop 32 new beds in Greene County. DIDD is counting on the Applicant to provide 12 of these beds, four of which are contemplated under the proposed project.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Response: The Applicant has attended provider fairs hosted by DIDD and met with individual residents, their families and conservators. From these meetings and events, the Applicant has found that the families and conservators of 45 of the individuals remaining at GVDC desire that their loved ones remain in the Greene County area, since they have lived in this community for decades. The facility contemplated in this application will be located in Greene County to serve their needs.

Given the anticipated acuity level of individuals at the facility, and the recent changes by CMS regarding Home and Community-Based Services (HCBS) as to whether such individuals receive services in their own home or in the community, transportation to a day center may not occur on a regular basis. If such day center services are needed, Open Arms will either develop its own day center in Greeneville, similar to the existing day centers operated by Open Arms in Chattanooga, Knoxville, Memphis, and Nashville, which it currently utilizes for other facilities it operates in those cities, or contract with another provider of day center services in the Greeneville area.

Please find below a chart of distances from the proposed location to services within the area.

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Greeneville, TN	Facility is within city limits.	Not applicable.
Hospital	Laughlin Memorial Hospital 1420 Tusculum Blvd. Greeneville, TN 37745	2.3 miles	6 minutes
Physician Offices	Philip Thwing, MD Family Practice	0.7 mile	2 minutes

⁴ Memorandum from Terry Jordan-Henley, Deputy Regional Director for the East Tennessee Regional Office of the Department of Intellectual and Developmental Disabilities, Re: ICF/IID Expansions and CON Development, November 4, 2015.

	400 K St. Greeneville, TN 37745		
EMS/Fire Station	Greeneville Fire Department 1323 Mt. Bethel Rd. #4 Greeneville, TN 37745	0.6 mile	1 minute
Day Treatment (if applicable)	N/A	N/A	N/A
Greene Valley Developmental Center 4850 E Andrew Johnson Hwy. Tusculum, TN 37745		5.5 miles	12 minutes

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needed services involuntarily.

Response: The project population consists of the remaining residents of GVDC who wish to relocate to an ICF/IID within Greene County. The Applicant is aware of their special needs, including their age distribution, nutritional needs, mobility and visual impairments, and their psychiatric and behavioral needs. This facility is designed and located with their needs in mind and is dedicated to serving them. The Applicant serves all individuals regardless of racial, ethnic, or other demographic background. The proposed facility will be located in a residential setting to promote community inclusion.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in the state, city, county, and/or regional plans and other documents should be a significant consideration.

Response: The Applicant is building this facility to serve the needs of the individuals affected by closure of GVDC and will assist the State in fulfilling its responsibility under the Court Order to offer GVDC's remaining residents a choice to transition to a private ICF/IID or to enroll in the state-based Medicaid waiver program.

2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

Response: All of the remaining residents at GVDC will need to find other homes by June 30, 2016, unless extended to June 30, 2017 as previously noted, and 75 of these individuals have chosen to transition to an ICF/IID. DIDD has determined that the existing facilities will not be sufficient to absorb the 45 GVDC residents who wish to remain in Greene County. This facility, along with others proposed by the Applicant and its peers, will ensure that these individuals have the services they need.

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3. *The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.*

Response: This project will shift existing ICF/IID beds from GVDC to a four-bed group home, as a part of the closing of GVDC. This will, in turn, shift federal and state funding from GVDC to the small group home described in this application.

4. *The degree of projected financial participation in the Medicare and TennCare programs should be considered.*

Response: ICF/IID services in Tennessee are funded by TennCare and the Applicant anticipates that TennCare funds will be responsible for 96% of the facility's revenue.

D. Relationship to Existing Similar Services in the Area

1. *The area's trends in occupancy and utilization of similar services should be considered.*

Response: The following ICF/IID beds currently operate in Greene County:

- Comcare, Inc. (20 beds):
 - Five (5) four-bed homes
- East Tennessee Homes (64 beds):
 - Sixteen (16) four-bed homes

These beds are at full occupancy. At present, only 32 beds (including the four contemplated in this application) are being planned to meet DIDD's identified need for 45 additional beds in Greene County. This indicates that the proposed beds, like the others in the service area, will operate at full capacity, as well.

A chart of the occupancy of ICF/IID's in the county for the past three years follows.

ICF/IID Utilization, Greene County

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
E. TENN. HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%

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E. TENN. HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
E. TENN. HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
E. TENN. HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
E. TENN. HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
E. TENN. HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
E. TENN. HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%
TOTAL:	100	98.8	98.8%	100	99.2	99.3%	100	98.7	98.9%

Source: November 4, 2015 memo from Terry Jordan-Henley of DIDD, which is attached as Attachment B.2.

2. Accessibility to specific special needs groups should be an important factor.

Response: As an ICF/IID home, this facility will be accessible to individuals living with intellectual or developmental disabilities. Its bathroom and bedroom facilities and nursing station are specifically designed to assist medically fragile residents with severe intellectual or developmental disabilities.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response: Not applicable. GVDC is closing and the proposed facility will take on four of its current residents; there is no change of site.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: Since its first facility opened in 1990, the Applicant has grown to be the largest provider of private ICF/IID facilities in Tennessee, providing care for one third of the state's most medically fragile population in Shelby, Davidson/Williamson, Hamilton, and Knox counties. Drawing on 25 years of experience serving Tennesseans, the Applicant plans to establish nine (9) 4-bed ICF/IID facilities in response to the closure of GVDC, including the ICF/IID proposed in this application. The Applicant, therefore, will seek Certificate of Need approval for two facilities in Hamilton County, three in Greene County, and four in Knox County.

3. Identify the proposed service area and justify the reasonableness of that proposed area.

Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: Please see Attachment Need.3. Though DIDD has identified 12 of the individuals who have chosen to remain in the service area to transition to the Applicant's care, the Applicant is still assessing the final housing assignments. Therefore, using information from all residents staying in the service area, the distance from the proposed facility to the residents' family members' and/or guardians' addresses generally ranges from 28-42 miles or less than an hour's drive (5 residents), to 70-110 miles, or less than a two-hour drive, with two residents having family members more than three hours away.

4. A. Describe the demographics of the population to be served by this proposal.

Response: The population to be served by this proposal consists of the 85 remaining residents of GVDC, the great majority of whom chose to transition to ICF/IID facilities pursuant to the Court Order closing the institution. The Applicant is aware of the individuals to be served by this proposed facility. DIDD has identified the four individuals to whom the Applicant has committed to provide residency in this facility and in eight other 4-bed ICF/IIDs that will be the subject of subsequent applications for Certificates of Need. See Attachment B.2 for the November 4, 2015 memo from DIDD to the Applicant; please note that the residents' names have been redacted to preserve confidentiality.

	Tennessee	Greene County
2015 Total Population	6,735,706	71,945
2019 Total Population	7,035,572	74,149
Total Population % Change	4.5%	3.1%
Age 65+ Population 2015	1,051,862	15,030
Age 65+ Population 2019	1,219,696	17,205
Age 65+, % Change	16.0%	14.5%
Age 65+, % Total Population 2015	17.3%	23.2%
TennCare Enrollees through 9/2015	1,461,025	15,417
TennCare Enrollees as % of Total Population, 2015	21.7%	21.4%
Median Age	38	42.6
Median Household Income	\$44,298	\$35,545
Population % Below Poverty Level	17.6%	22%

Sources: Tennessee Population Estimates 2015 and 2019; TennCare Enrollment Report for September 2015; U.S. Census Bureau Quickfacts

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The anticipated residents of the facility are all individuals with severe intellectual or developmental disabilities requiring institutional care. In particular:

- 54 are 23-60 years of age, while the remaining 31 are 61 and older;
- 37 require enteral feedings, and another 17 have structured dining plans;
- 65, 42 of which are non-ambulatory, have mobility impairments;
- Approximately 60% use a customized seating system and/or other alternative positioning equipment;
- 28 are legally blind; and
- 28 are prescribed psychotropic medications, and 13 have a Behavioral Support Plan or Behavioral Support Guidelines.

The Applicant's facility will be specially designed to meet residents' physical and medical needs, such as accessible entry doors, hallways, bathrooms, transportation, and ADA-compliant sink/vanity and toilets. Other services that will be provided include assistance meeting hygiene requirements, specialized dietary services, physical therapy, and activities of daily living, including physical, occupational, and behavioral therapies. The overall goal is to provide residents with an environment and services that will let them live dignified and meaningful lives in a community setting.

- 5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.**

Response: As noted above, all existing ICF/IID beds are at full occupancy, and there are no approved-but-unimplemented ICF/IID beds for Greene County.

- 6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

Response: The Applicant projects 100% occupancy of all four beds, or 1460 resident bed days, for the first two years of operation of this facility. This is based upon the fact that DIDD has identified the four (4) individuals to whom the Applicant has committed to provide ICF/IID beds in Greene County following Certificate of Need approval. Further, with GVDC's closure and the full occupancy of existing ICF/IID facilities, the proposed project will have to operate at 100% occupancy to accommodate the need created by GVDC's closure. It is also based upon the years of experience the Applicant has had operating ICF/IIDs in Tennessee and the current occupancy rate in the county.

C. ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page.

Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee.)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or “per click” arrangements. The methodology used to determine the total lease cost for a “per click” arrangement must include, at a minimum, the projected procedures, the “per click” rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response: Please see Attachment C. Economic Feasibility – 1 for a copy of the letter from the architect supporting the estimated construction cost.

November 20, 2015**3:30 pm****PROJECT COST CHART**

A. Construction and equipment acquired by purchase	
1. Architectural and Engineering Fees	
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$15,000
3. Acquisition of Site	
4. Preparation of Site	
5. Construction Costs	
6. Contingency Fund	\$ 24,424
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over \$50,000)	
9. Other	
B. Acquisition by gift, donation, or lease	
1. Facility (inclusive of building and land) *	\$ 1,327,500
2. Building only	
3. Land only	
4. Equipment (Specify) <u>all FF&E is included in the Facility Lease</u>	
5. Other (Specify)	
C. Financing Costs and Fees	
1. Interim Financing	
2. Underwriting Costs	
3. Reserve of One Year's Debt Service	
4. Other (Specify)	
D. Estimated Project Cost (A+B+C+)	
	\$ 1,366,924
E. CON Filing Fee	
	\$ 3,076
F. Total Estimated Project Cost (D+E)	
	\$ 1,370,000
TOTAL	
	<u>\$1,370,000</u>

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*The Lease has an anticipated term of 15 years at an anticipated rent of \$88,500 per year, for a total of \$1,327,500.

Estimated acquisition, development and construction costs (inclusive) for the leased facility are:

Acquisition of site	19,500
Architectural and engineering fees	32,000
Preparation of site	80,000
Construction costs	647,500
Landscaping and irrigation	25,000
Contingency fund	56,000
Furnishings and equipment	<u>25,000</u>
TOTAL	885,000

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Furnishings and equipment	<u>25,000</u>
TOTAL	885,000

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding **MUST** be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

- ☒ **A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**
- ☐ **B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**
- ☐ **C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.**
- ☐ **D. Grants--Notification of intent form for grant application or notice of grant award; or**
- ☐ **E. Cash Reserves--Appropriate documentation from Chief Financial Officer.**
- ☐ **F. Other—Identify and document funding from all other sources.**

Response: Please see Attachment C. Economic Feasibility – 2 for documentation of the project's funding by ServisFirst Bank.

3. **Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.**

Response: This project will be cost-effective as the Applicant is taking advantage of all of its expertise and resources. For example, assuming Certificate of Need approval, the Applicant will use the same layout for all ICF/IID homes it will build to accommodate GVDC residents.

All Open Arms facilities are currently leased from a subsidiary of Woodbine Community Organization, a Tennessee nonprofit corporation (which has no relationship with Open Arms, other than a contractual relationship from the current leases), and this facility will be leased in a similar structure. As the Landlord will be responsible for the development and construction of the facility, the Project Cost Chart only includes the anticipated lease expenses over the life of the lease, which is in excess of the development and construction costs.

The components of development and construction costs are as follows:

Acquisition of site	19,500
Architectural and engineering fees	32,000
Preparation of site	80,000
Construction costs	647,500
Landscaping and irrigation	25,000
Contingency fund	56,000
Furnishings and equipment	<u>25,000</u>
TOTAL	885,000

4. **Complete Historical and Projected Data Charts on the following two pages—do not *modify the Charts provided or submit Chart substitutions!* Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).**

Response: There is no Historical Data on this facility since it is a new facility. Please see Attachment C. Economic Feasibility – 4 – Projected Data Chart.

5. **Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.**

Response: This project's Average Gross charge is \$793.04.

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	Per Patient Day, Greene County
Average Gross Charge	\$793.04
Average Deduction	\$0
Average Net Charge	\$793.04

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: The proposed charge schedule is \$793.04 per patient day for the first year of operations. The Applicant anticipates that almost all of its revenue will come from TennCare, with some of the revenue coming from residents' SSI benefits, as required by TennCare. The money from residents' SSI benefits will be used to cover some of the cost of services. The Applicant is not aware of any residents with food stamp benefits.

6. B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The economics of the operations of the new four-bed homes will be considerably different from the operations of the existing homes, so the Applicant does not believe such a comparison would be meaningful. The Applicant's proposed rate is \$793.04 per patient day.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: As the Projected Data Chart indicates, this project is intended to run on a break-even basis. Proposed project charges were developed with this goal in mind. The client anticipates that approximately 96% of the revenue will come from TennCare and 4% of the revenue will come from SSI benefits.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: As the Projected Data Chart indicates, this project is intended to run on a break-even basis. Proposed project charges were developed with this goal in mind.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the

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project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: All the participants in this project will be TennCare/Medicaid recipients. This project is intended to provide specialized services to TennCare/Medicaid recipients in need of ICF level care. The Applicant anticipates that 96% of its revenue will come from TennCare.

10. **Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alphanumeric order and labeled as Attachment C, Economic Feasibility-10.**

Response: Please see Attachment C. Economic Feasibility-10 for the Applicant's most recent balance sheet, income statement, and audited financial statement.

11. **Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**
 - a. **A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the Applicant should justify why not; including reasons as to why they were rejected.**

Response: Under the terms of the Exit Plan for GVDC, the institution's remaining residents had to choose between private ICF/IID services or state-based Medicaid waiver programs. ICF/IID services were by far the most frequently selected alternative, and the Applicant is providing the proposed ICF/IID beds specifically for those who made this choice. Since no other alternative will satisfy the Exit Plan with respect to these individuals, there is no practicable alternative available.

- b. **The Applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

Response: There are no alternatives to this proposal that will satisfy the Exit Plan. The planned group homes cannot exceed four beds per home, and it would be prohibitively expensive to provide these services on a scale involving fewer beds per home. Constructing a new home is in line with the Applicant's experience and current practices.

Intermediate care facilities must meet regulatory requirements such as those concerning life safety features for ventilation, separation, and flammable materials, and programmatic design concerning client needs and staff engagement that are generally absent in typical residential homes, so converting an existing house into an ICF/IID would have required considerable renovation and construction. According to the Applicant's research and knowledge, most of the new bed ICF homes in the past five years have been new construction as opposed to renovation.

C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. **List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the Applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

Response: The Applicant does not currently have a transfer agreement in place, but does not anticipate any difficulty procuring one, given its years of experience arranging such agreements.

2. **Describe the positive and/or negative effects of the proposal on the health care system.**

Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: This project is essential to the success of the Transition Plan governing GVDC's closure because DIDD is counting on the ICF/IID beds provided in this proposal to fulfill its court-ordered duties to replace existing ICF/IID beds at GVDC. There is no duplication of service. There are no negative effects of this proposal.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Response: The staffing of the three shifts at this new facility is anticipated as follows: The resident to staff ratio will be approximately two (2) staff members to four (4) residents at night and three (3) or four (4) staff members to four (4) residents for the first two shifts. This staffing pattern meets and exceeds the minimum staff to resident ratio.

	Greene County FTEs
Resident Manager	.5
Qualified MR Professional	.67

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Physical Therapist	.125
Occupational Therapist	.125
Speech Therapist	.125
Housekeeping Maintenance and Grounds	.5
Nursing Staff, RN	.33
Nursing Staff, LPN	2.8
Direct Support Staff	11.23
Other Central Office Support Personnel	.77
Total	17.175

The 2014 data from the Tennessee Department of Labor & Workforce Development provides median salary data for the following clinical staff in Tennessee:

RN	\$56,370
LPN	\$36,000
Nursing Assistants	\$22,267
Resident Manager	N/A
Qualified MR Professional	N/A
Physical Therapist*	\$83,372
Occupational Therapist*	\$81,812
Speech Therapist*	\$64,102

* The Applicant will be hiring independent contractors to provide these services, so they are not included in the salary scale.

The Applicant proposes the following salary scale for clinical staff in Year 1:

RN	\$60,000
LPN	\$38,958
House Manager	\$49,990
Program Manager	\$49,920

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Response: The Applicant currently has no staff in Greene County. The Applicant does not anticipate difficulty filling positions needed for the project and anticipates that many of the employees for the facility will come from GVDC.

5. **Verify that the Applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

Response: The Applicant has reviewed and understands the aforementioned requirements.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Response: Not applicable.

- 7. a. Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

Response: The Applicant has reviewed and understands the aforementioned requirements.

- b. Provide the name of the entity from which the Applicant has received or will receive licensure, certification, and/or accreditation.**

Response: The Applicant will receive licensure, certification, and accreditation as listed below.

Licensure: The Tennessee Department of Health and the Tennessee Department of Intellectual and Developmental Disabilities.

Certification: TennCare.

Accreditation: Not applicable.

- c. If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.**

Response: Not applicable. This application is for a new facility.

- d. For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

Response: Not applicable.

- 8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the Applicant or any entities or persons with more than a 5% ownership interest in the Applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

Response: None.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response: None.

10. If the proposal is approved, please discuss whether the Applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: If approved, the Applicant will comply with all reporting requirements outlined under Tennessee regulations.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

B-8 THE GREENEVILLE SUN Friday, November 6, 2015

The Greenville Sun

Place your ad by calling 423.638.4185 Fax to 423.638.7348 • Online at GreenvilleSun.com

Public Notices	Public Notices	Public Notices	Public Notices	Public Notices	Public Notices
<p>SUBSTITUTE TRUSTEES SALE</p> <p>Sale at public auction will be on November 20, 2015 at 1:30PM local time, at the front door, Greene County Courthouse, 101 S. Main Street, Greenville, Tennessee, pursuant to Decree of Trust executed by Edward A. Herring III and Loretta H. Herring, to be recorded in the Greene County Register's Office. Party entitled to enforce security interest: U.S. Bank, N.A., its successors and assigns.</p> <p>The following real estate located in Greene County, Tennessee, will be sold to the highest bidder subject to all unpaid taxes, prior liens and encumbrances of record:</p> <p>CERTAIN TRACT ON PARCEL OF LAND IN GREENE COUNTY, TENNESSEE, DESCRIBED AS FOLLOWS, TO WIT:</p> <p>BEGINNING ON A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD, CORNER TO PROPERTY OF C.L. HAZARD, THENCE LEAVING BROWN SPRINGS ROAD, AND WITH THE SECTION LINE, NORTH 45 DEG. 45 MIN. 50 SEC. WEST, 118 FEET TO AN IRON PIN SET IN THE LINE OF DAVID HARTMAN THENCE WITH THE HARTMAN LINE, SOUTH 47 DEG. 10 MIN. 05 SEC. EAST, 118 FEET TO A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD, THENCE WITH SAID RIGHT OF WAY LINE, IN A GENERALLY SOUTHWESTERLY DIRECTION, APPROXIMATELY 137 FEET, MORE OR LESS, TO THE CENTER OF SECTION, ACCORDING TO SURVEY OF HYDEER LAND SURVEYING, JUNE 8, 1996.</p> <p>THE IMPROVEMENTS THEREON BEING COMMONLY KNOWN AS 1915 BROWN SPRINGS ROAD, GREENEVILLE, TENNESSEE 37743.</p> <p>BEING THE SAME LOT OR PARCEL OF GROUND WHICH BY DEED DATED JANUARY 10, 2000 AND RECORDED AMONG THE LAND RECORDS OF GREENE COUNTY IN BOOK 1884 PAGE 620, WAS GRANTED AND CONVEYED BY EDWARD A. HERRING, KATHLEEN M. HERRING, AND EDWARD A. HERRING, JR., ALL OF GREENE COUNTY, TENNESSEE, TO KATHLEEN M. HERRING, KATHLEEN M. HERRING, JR., AND KATHLEEN M. HERRING, JR., TRUSTEES OF THE EDWARD A. HERRING III AND LORETTA H. HERRING TRUST, UNDER THE EDWARD A. HERRING III AND LORETTA H. HERRING REVOCABLE LIVING TRUST.</p> <p>Parcel Number: 072-014-00</p> <p>Current Owner(s): Property of Edward A. Herring III or Kathleen M. Herring, Trust(s): The Edward A. Herring III and Kathleen M. Herring Revocable Living Trust</p> <p>Chait David, David, Secretary of Housing and Urban Development</p> <p>David Address: 1915 Brown Springs Rd, Greenville, Tennessee 37743</p> <p>Any property address provided is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description shall prevail.</p> <p>SALE IS SUBJECT TO TENANT'S RIGHTS IN POSSESSION.</p> <p>All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Decree of Trust, and the sale is believed to be good, but the undersigned will not convey only as Substituted Trustee.</p> <p>If you purchase a property at the foreclosure sale, the entire purchase price is due and payable at the conclusion of the auction in the form of a cash/credit check made payable to or endorsed to Shapiro & Ingle, LLP. No personal checks will be accepted. To this end, you must bring sufficient funds to cash/credit check and any other bid/offer, insufficient funds will not be accepted. Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure sale is delivered.</p> <p>This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.</p> <p>Shapiro & Ingle, LLP, a Tennessee limited liability partnership Substitute Trustee</p> <p>19150 Putnam Parkway, Suite 400 Chattanooga, TN 37416 Phone: (423) 333-4107 Fax: (423) 333-4108 www.shapiro-ingle.com File No. 15-10715</p>	<p>NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED</p> <p>This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-101 at the Greene County Courthouse, 101 S. Main Street, Greenville, Tennessee, pursuant to Decree of Trust executed by Charles Bower and Nicholas B. Bower, to be recorded in the Greene County Register's Office. Party entitled to enforce security interest: U.S. Bank National Association, its successors and assigns.</p> <p>The following real estate located in Greene County, Tennessee, will be sold to the highest bidder subject to all unpaid taxes, prior liens and encumbrances of record:</p> <p>CERTAIN TRACT ON PARCEL OF LAND IN GREENE COUNTY, TENNESSEE, DESCRIBED AS FOLLOWS, TO WIT:</p> <p>BEGINNING ON A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD, CORNER TO PROPERTY OF C.L. HAZARD, THENCE LEAVING BROWN SPRINGS ROAD, AND WITH THE SECTION LINE, NORTH 45 DEG. 45 MIN. 50 SEC. WEST, 118 FEET TO AN IRON PIN SET IN THE LINE OF DAVID HARTMAN THENCE WITH THE HARTMAN LINE, SOUTH 47 DEG. 10 MIN. 05 SEC. 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Herring III or Kathleen M. Herring, Trust(s): The Edward A. Herring III and Kathleen M. Herring Revocable Living Trust</p> <p>Chait David, David, Secretary of Housing and Urban Development</p> <p>David Address: 1915 Brown Springs Rd, Greenville, Tennessee 37743</p> <p>Any property address provided is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description shall prevail.</p> <p>SALE IS SUBJECT TO TENANT'S RIGHTS IN POSSESSION.</p> <p>All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Decree of Trust, and the sale is believed to be good, but the undersigned will not convey only as Substituted Trustee.</p> <p>If you purchase a property at the foreclosure sale, the entire purchase price is due and payable at the conclusion of the auction in the form of a cash/credit check made payable to or endorsed to Shapiro & Ingle, LLP. No personal checks will be accepted. To this end, you must bring sufficient funds to cash/credit check and any other bid/offer, insufficient funds will not be accepted. Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure sale is delivered.</p> <p>This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.</p> <p>Shapiro & Ingle, LLP, a Tennessee limited liability partnership Substitute Trustee</p> <p>19150 Putnam Parkway, Suite 400 Chattanooga, TN 37416 Phone: (423) 333-4107 Fax: (423) 333-4108 www.shapiro-ingle.com File No. 15-10715</p>	<p>NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED</p> <p>This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-101 at the Greene County Courthouse, 101 S. 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Herring III or Kathleen M. Herring, Trust(s): The Edward A. Herring III and Kathleen M. Herring Revocable Living Trust</p> <p>Chait David, David, Secretary of Housing and Urban Development</p> <p>David Address: 1915 Brown Springs Rd, Greenville, Tennessee 37743</p> <p>Any property address provided is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description shall prevail.</p> <p>SALE IS SUBJECT TO TENANT'S RIGHTS IN POSSESSION.</p> <p>All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Decree of Trust, and the sale is believed to be good, but the undersigned will not convey only as Substituted Trustee.</p> <p>If you purchase a property at the foreclosure sale, the entire purchase price is due and payable at the conclusion of the auction in the form of a cash/credit check made payable to or endorsed to Shapiro & Ingle, LLP. No personal checks will be accepted. To this end, you must bring sufficient funds to cash/credit check and any other bid/offer, insufficient funds will not be accepted. Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure sale is delivered.</p> <p>This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.</p> <p>Shapiro & Ingle, LLP, a Tennessee limited liability partnership Substitute Trustee</p> <p>19150 Putnam Parkway, Suite 400 Chattanooga, TN 37416 Phone: (423) 333-4107 Fax: (423) 333-4108 www.shapiro-ingle.com File No. 15-10715</p>	<p>NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED</p> <p>This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-101 at the Greene County Courthouse, 101 S. Main Street, Greenville, Tennessee, pursuant to Decree of Trust executed by Charles Bower and Nicholas B. Bower, to be recorded in the Greene County Register's Office. Party entitled to enforce security interest: U.S. Bank National Association, its successors and assigns.</p> <p>The following real estate located in Greene County, Tennessee, will be sold to the highest bidder subject to all unpaid taxes, prior liens and encumbrances of record:</p> <p>CERTAIN TRACT ON PARCEL OF LAND IN GREENE COUNTY, TENNESSEE, DESCRIBED AS FOLLOWS, TO WIT:</p> <p>BEGINNING ON A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD, CORNER TO PROPERTY OF C.L. HAZARD, THENCE LEAVING BROWN SPRINGS ROAD, AND WITH THE SECTION LINE, NORTH 45 DEG. 45 MIN. 50 SEC. WEST, 118 FEET TO AN IRON PIN SET IN THE LINE OF DAVID HARTMAN THENCE WITH THE HARTMAN LINE, SOUTH 47 DEG. 10 MIN. 05 SEC. 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To this end, you must bring sufficient funds to cash/credit check and any other bid/offer, insufficient funds will not be accepted. Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure sale is delivered.</p> <p>This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.</p> <p>Shapiro & Ingle, LLP, a Tennessee limited liability partnership Substitute Trustee</p> <p>19150 Putnam Parkway, Suite 400 Chattanooga, TN 37416 Phone: (423) 333-4107 Fax: (423) 333-4108 www.shapiro-ingle.com File No. 15-10715</p>	<p>NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED</p> <p>This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-101 at the Greene County Courthouse, 101 S. 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Call the classifieds for details
638-4185

Visit: GreenvilleMarketplace.com

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c):
February 24, 2016.

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>PHASE</u>	<u>DAYS REQUIRED</u>	<u>ANTICIPATED DATE (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	None	January 2016
2. Construction documents approved by the Tennessee Department of Health	51	April 2016
3. Construction contract signed	None	January 2016
4. Building permit secured	21	March 2016
5. Site preparation completed	51	April 2016
6. Building construction commenced	58	April 2016
7. Construction 40% complete	138	July 2016
8. Construction 80% complete	218	September 2016
9. Construction 100% complete (approved for occupancy)	238	October 2016
10. *Issuance of license	252	November 2016
11. *Initiation of service	257	November 2016
12. Final Architectural Certification of Payment	281	December 2016
13. Final Project Report Form (HF0055)	286	December 2016

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Attachment B.1

DIDD Support Letter



STATE OF TENNESSEE
 Department of Intellectual and Developmental Disabilities
 Citizens Plaza, 10th Floor
 400 Deaderick Street
 NASHVILLE, TN 37243-0675

August 11, 2015

Melanie Hill
 Executive Director
 Health Services and Development Agency
 500 Deaderick Street
 Nashville, TN 37243

RE: Application for Certification of Need submitted by Open Arms Care

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of Open Arms Care. Based upon the Department's knowledge of Open Arms Care, it is the Department's belief that they meet the three (3) criteria necessary for approval which are namely, need, economic feasibility and contribution to the orderly development of health care.

The need for these facilities has resulted from the national trend away from caring for persons with intellectual disabilities in large, congregate institutional settings to more integrated, smaller homes in the community. In 2006, Tennessee, believing this to be best practice, passed legislation which created one hundred sixty (160) new ICF/IID beds to be used solely for persons transitioning from state developmental centers. At this time there remain eighty-four (84) of the one hundred sixty (160) beds available for development. The need for the development of these remaining eighty-four (84) beds comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. One of these developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community. Therefore, the Department supports this application for a CON to facilitate the closure of and transition of the residents of GVDC.

Melanie Hill, Executive Director

RE: Application for Certification of Need submitted by Open Arms Care

August 11, 2015

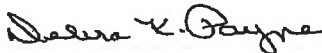
Page 2 of 2

Transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state.

For many of the same reasons stated above in relation to the criteria of "need", the approval of this CON and development of four person ICF/IID beds meets the criteria of contribution to the orderly development of health care. As a result of the Exit Plan in the nineteen (19) years old lawsuit described above, these homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. This application has been submitted by a current provider of services in Tennessee for persons with intellectual disabilities, therefore they have a proven track record of providing these services within both state and federal regulations which includes the availability and accessibility of human resources, prior contractual relationships with both the Department and TennCare and an understanding of the both the intellectual disability population and intellectual disability system in Tennessee.

Based on the above stated reasons the department strongly supports Open Arms Care, application for a CON to build four (4) person ICF/IIDs in East Tennessee in order to effectuate the safe transition of residents of GVDC and comply with the Exit Plan leading to the conclusion of the nineteen (19) years old *CBDC et. al* lawsuit. If you need any further information or have any questions please contact me.

Sincerely,



Debra K. Payne
Commissioner

DKP:ts

Attachment B.2

November 4, 2015 DIDD Memo



Tennessee
Department of Health
Intellectual &
Developmental Disabilities

East Tennessee
Regional Office

November 4, 2015

RE ICF/IID Expansions and CON Development:

The following information may be requested regarding development of your ICF/IID expansion homes in the East Tennessee region. Information is provided generally for all persons supported at Greene Valley Developmental Center and is broken down by the three primary development areas: Hamilton County, Knox County, Roane County and Greene County where appropriate.

How many persons/families/legal representatives chose ICF/IID services over HCBS Waiver services through the Freedom of Choice process? As of 8/21/15, a total of 10 legal representatives for persons supported by GVDC had selected HCBS services; the legal representatives for the remaining 75 persons had selected ICF/IID services.

What geographic areas were selected by the persons supported for ICF/IID services? Of the 75 persons whose legal representatives selected ICF/IID services, the breakdown is as follows:

Hamilton County: 8

Knox County: 16

Roane County: 6

Greene County: 45

Are all existing ICF/IID beds in the geographic areas currently full? Please reference a separate grid showing ICF/IID utilization for the appropriate geographic area for 2012, 2013 and 2014. Generally, the answer to that question is yes for all geographic areas.

What providers currently operate ICF/IID services in the geographic areas? Per area, those providers are:

Hamilton County: Open Arms Care, Orange Grove Center.

Knox County: Open Arms Care.

Roane County: Michael Dunn Center.

Greene County: Comcare, DIDD East Tennessee Homes.

A separate grid shows ICF/IID utilization for the appropriate geographic areas for 2012, 2013 and 2014. Specific site information is redacted.

What other ICF/IID sites are planned to come on line to accommodate GVDC residents? For each geographic area, planned ICF/IID development is as follows:

Hamilton County: 2 sites (8 beds)

Knox County: 4 sites (16 beds)

Roane County: 2 sites (8 beds)

Greene County: 8 sites (32 beds)

What are the general demographics and/or special needs of persons exiting GVDC? Demographic



Tennessee
Department of
Intellectual &
Developmental Disabilities

East Tennessee
Regional Office

information is not available specific to geographic areas. However, the demographic information generally applies to all geographic areas in which services have been selected. Those demographics are as follows for the 85 persons supported at GVDC on 8/21/15:

Age: 54 persons aged 23-60 years (64%); 31 persons aged 61+ years (36%).

Gender: 48 female (56%); 37 male (44%).

Nutritional Status: 37 require enteral feedings (44%); 17 others have structured dining plans (20%).

Mobility Status: 65 have mobility impairments (76%); 42 of those persons are non-ambulatory (49%). 56 persons use a customized seating system (66%). 51 persons use other alternative positioning equipment (60%).

Visual Status: 28 persons are legally blind (33%).

Psychiatric/Behavioral Status: 28 persons are prescribed psychotropic medication (33%); 13 persons have a Behavior Support Plan or Behavior Support Guidelines (15%).

Please let me know if you require any additional information for the development of your Certificate of Need.

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

c: John Craven, East Regional Director
ICF/IID Expansion Development File per Provider

Attachment B.3

Letter from DIDD Regarding Anticipated Residents



Tennessee Department of
**Intellectual &
Developmental Disabilities**

September 1, 2015

Charles Schnell, Director
Open Arms Care - Greeneville
7325 Oak Ridge Highway, Suite 200
Knoxville, TN 37931

Dear Mr. Schnell:

The following provides a list of people currently supported at GVDC whose conservators selected Open Arms - Greeneville to provide ICF/IID supports and whom you indicated a willingness to support. The home compositions were determined based on valuable input from GVDC staff considering friendships, current service and support needs. Please review the lists and confirm in writing your intent to develop ICF/IID supports and services for these specific people by the close of business September 4, 2015.

Home #1:	Home #2:	Home #3:
----------	----------	----------



It is important to confirm and solidify your plans for the development of homes for individuals currently residing at GVDC and final home compositions as soon as possible. Once confirmed, our intent is not to change the composition of housing arrangements unless absolutely necessary and any change must be communicated to my office immediately for approval. Please provide the status of your CON process and the addresses where the four-person ICF/IID homes will be developed. I believe people and their families will appreciate knowing where they will live and with whom.

If your agency agreed to provide supports to any person not on the above list, please contact John Craven, Regional Director at 865-594-9301 or Terry-Jordan-Henley, Deputy Regional Director at 865-594-9302. DIDD appreciates your commitment and efforts on behalf of people supported by GVDC.

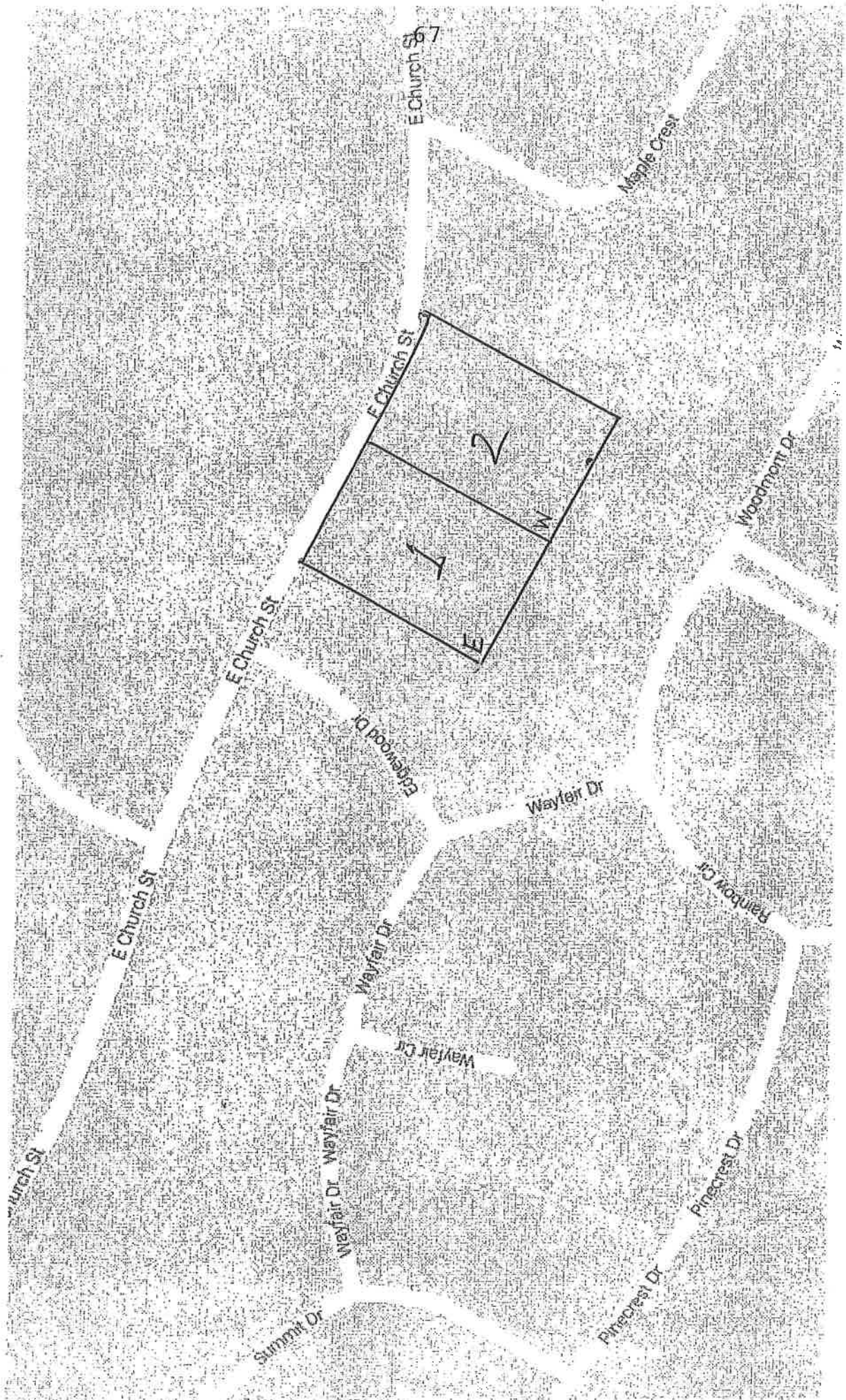
Respectfully,

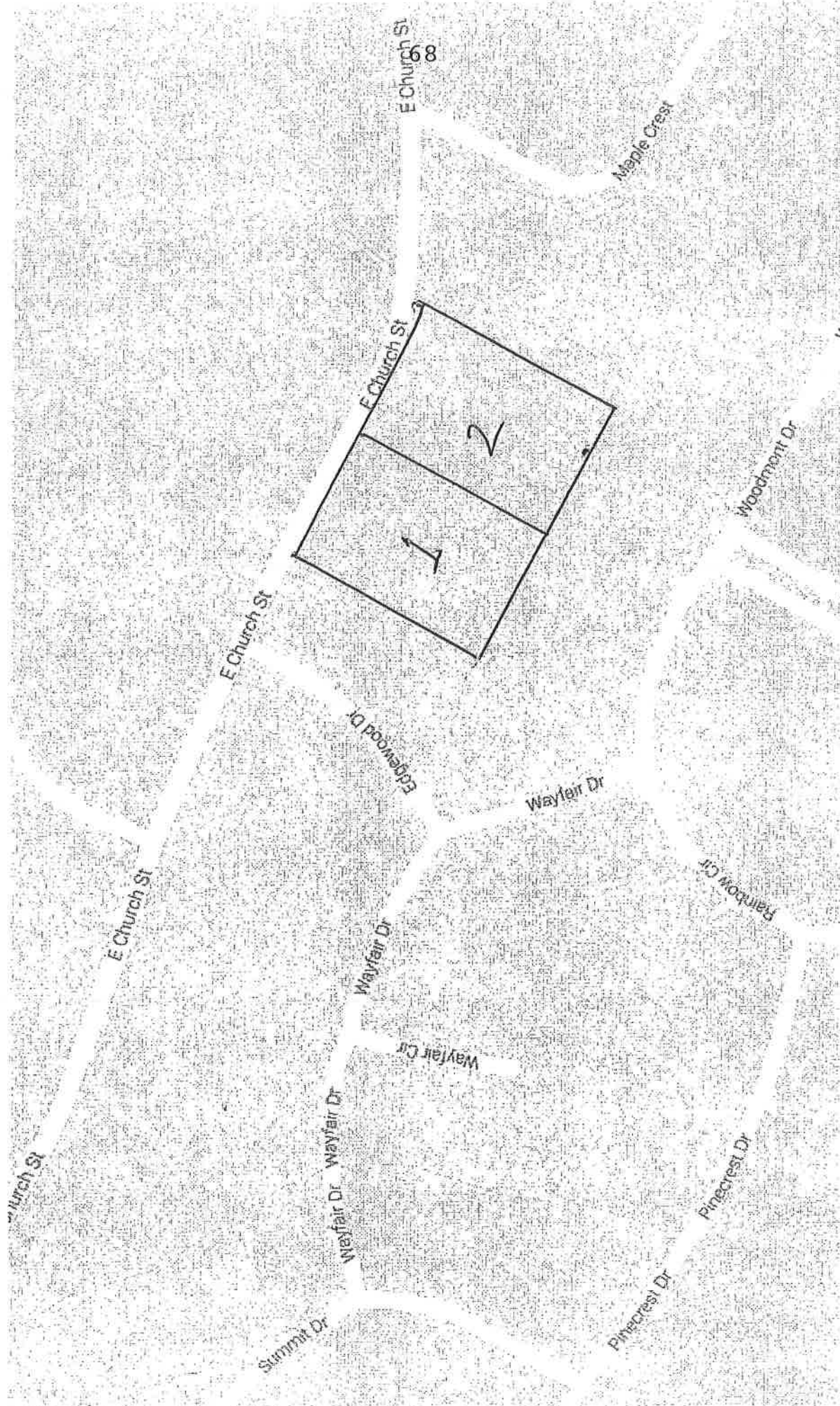
John Craven
Regional Director, East

C: Debbie Payne, DIDD Commissioner
Jordan Allen, DIDD Deputy Commissioner
Theresa Sloan, DIDD Legal Counsel
Jon Lakey, Attorney, Pietrangelo Cook, PLC
Richard Brown, Esquire

Attachment B.III.A

Plot Plan



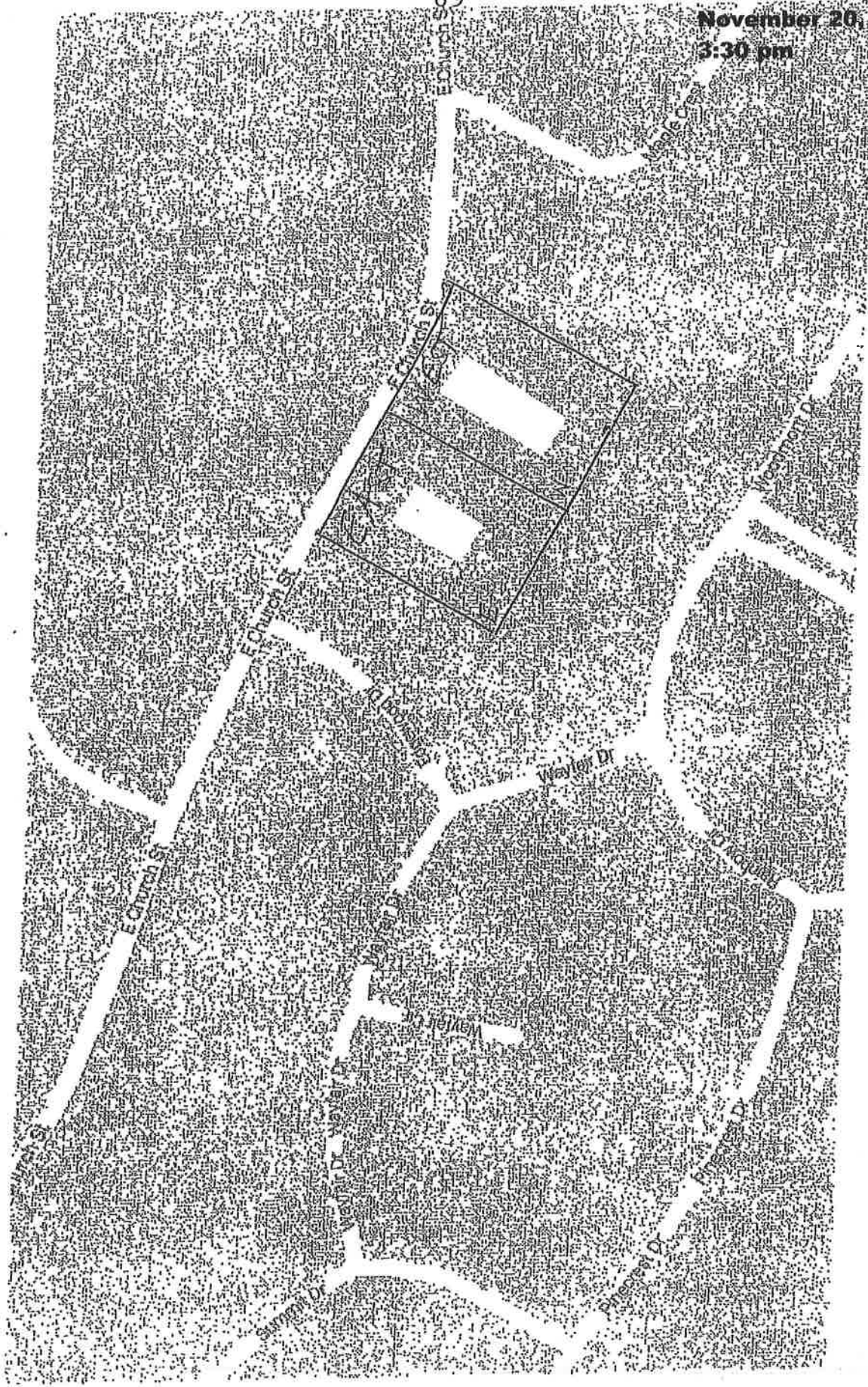


SUPPLEMENTAL #1

November 20, 2015

3:30 pm

69



SUPPLEMENTAL #1

70

November 20, 2015

3:30 pm



E Church St

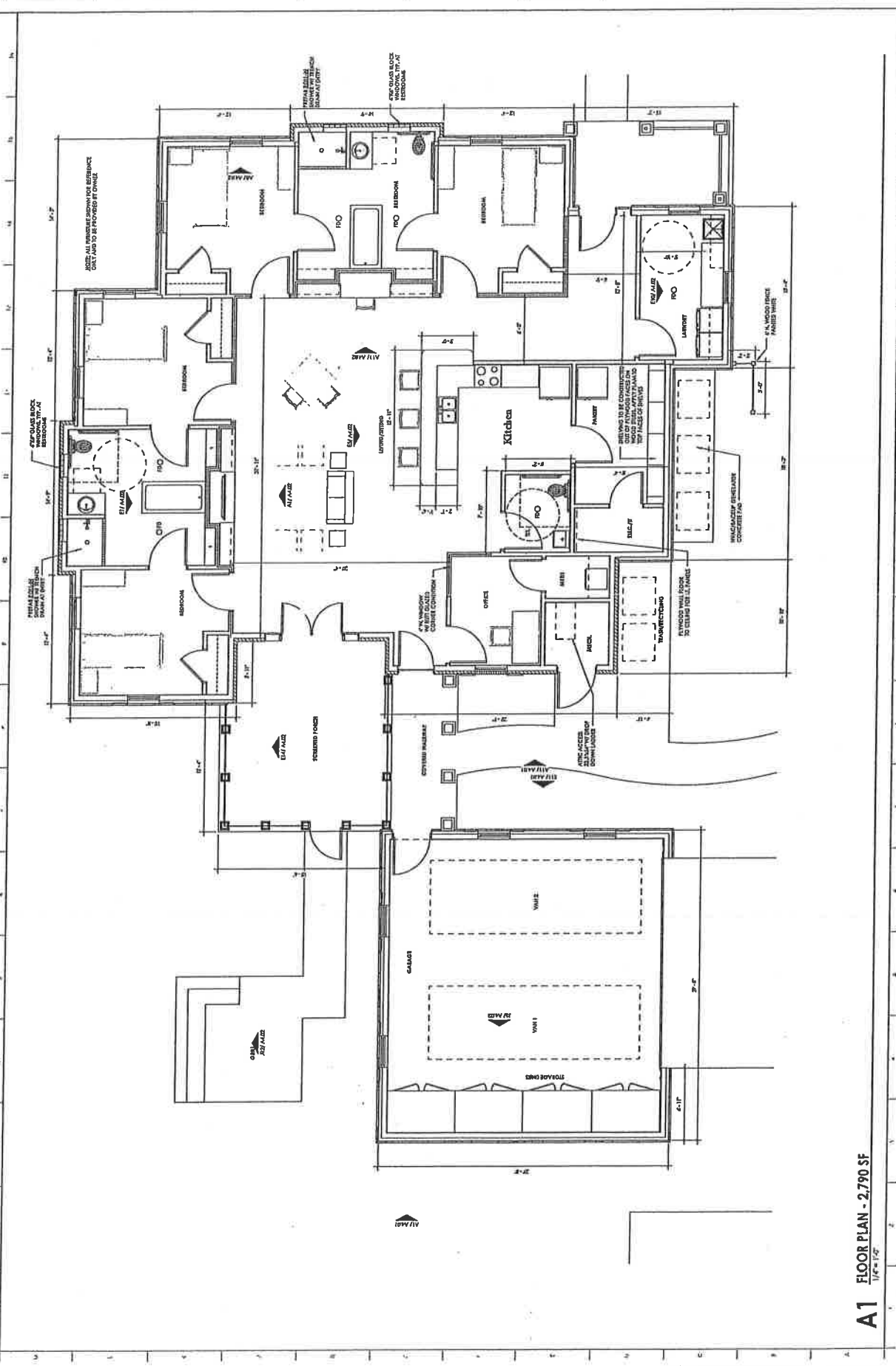
Edgewood Dr

Wayfar Dr

100' 0"

Attachment B.IV

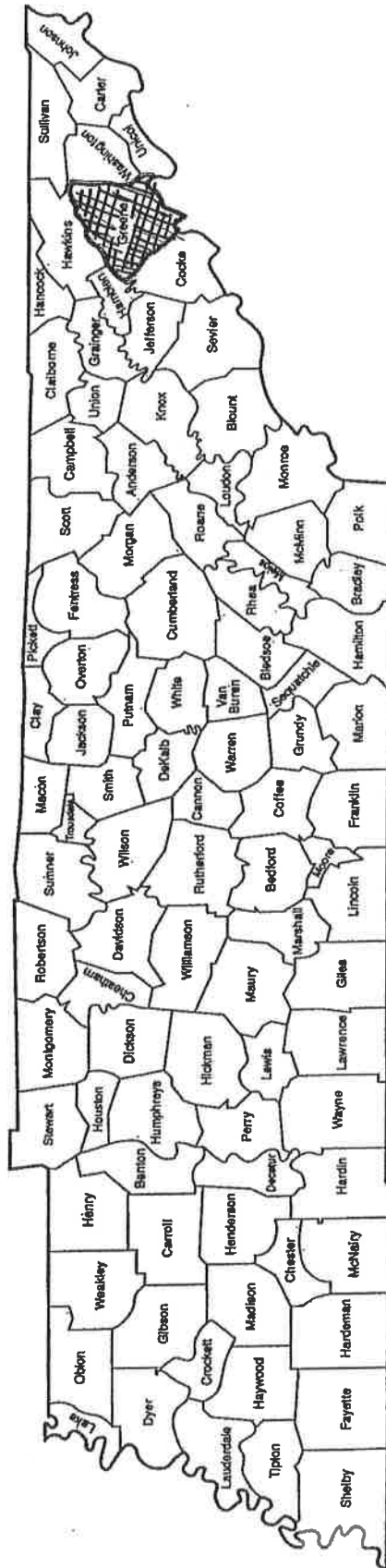
Floor Plans



Attachment Need.3

Service Area Map

Greene County, Tennessee



Attachment C. Economic Feasibility – 1

Letter Supporting Estimated Construction Costs

November 20, 2015**3:30 pm**

November 17, 2015

Freddie Vanderveer
Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

Re: New Homes

Dear Freddie:

It is my pleasure to submit this letter outlining the new 4- bed homes to be constructed in the State of Tennessee. The homes will be new construction 2,800 square foot, 4-bed ICF/III facilities. We have worked diligently to accommodate the needs of the future residents, and have taken into account their special requirements in designing the homes

My initial estimate is that construction of each home will cost in the range of \$595,000 - \$750,000, which includes an allowance of \$25,000 for landscaping and irrigation. This estimate represents what it will cost to construct the project, and to provide a physical environment, according to the applicable federal, state, and local construction codes, standards, specifications, and requirements. The physical environment will conform to applicable federal standards, manufacturer's specifications, Americans with Disabilities Act (ADA), and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities. Civil design will be incorporated on a per site basis as the lots become available. The commercial grade materials on the interior and exterior are subject to change on a per lot basis.

Sincerely,



Dave Johnston AIA
Principal



AUSTIN
HOUSTON
NASHVILLE

211 Union
Nashville Tennessee 37201
615 248 4400 V
615 248 4401 F

www.stgdesign.com

Attachment C. Economic Feasibility - 2

Documentation from Lender

November 20, 2015**3:30 pm**

SERVISFIRST BANK
The Tower
611 Commerce Street
Suite 3131
Nashville, Tennessee 37203
servisfirstbank.com

November 20, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37242



RE: Financing Letter of Interest for construction and permanent financing of 9 new residential homes for Open Arms Care Corporation.

Dear Ms. Hill :

I am writing in regards to my recent discussions with the senior management team of Facilities Development Group and Open Arms Care Corporation concerning construction and permanent financing for up to \$8,000,000; for 9 residential homes associated with a Certificate of Need Application for the transition of residents from Greene Valley Development Center.

On behalf of ServisFirst Bank (the "Bank"), I am pleased to advise you of the Bank's intent to extend to Facilities Development Group, LLC (the "Borrower") an up to \$8,000,000 Term Loan Credit Facility (the "Credit Facility"). The Credit Facility is expected to mature 7 years from closing and will be utilized for the construction and permanent financing of up to 9 residential homes for lease to Open Arms Care Corporation. Open Arms Care Corporation would use the homes to establish and operate up to 9 ICF / IDD facilities for patients transitioning from Greene Valley Development Center. The Credit Facility would be subject to an aggregate loan to value customary for this financing type. Based on current market conditions and the anticipated loan to value ratio, the interest rate on the Credit Facility is anticipated to be between 7.75% and 8.25%. The Credit Facility would include security documentation typical for a transaction of this type, including deeds of trust, and assignments of leases. It would also be subject to provisions substantially similar to the Credit Facilities currently in place for Facilities Development Group and its loan for facilities operated by Open Arms Care Corporation, as well as conditions precedent, terms, loan covenants, and performance ratios that are standard for a transaction of this type (for example, a ratio of cash flow to fixed charges of not less than 1.15 to 1.00 is required in the current Credit Facility documents).

November 20, 2015**3:30 pm**

ServisFirst Bank very much looks forward to working with Facilities Development Group and Open Arms Care Corporation on this important project. Please feel free to contact me if you have any questions or need additional information from the Bank.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Berrell', with a stylized, flowing script.

Bill Berrell
Senior Vice President
Director, Healthcare Banking

Attachment C. Economic Feasibility – 4 – Projected Data Chart

November 20, 2015**3:30 pm****PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 1</u>	<u>Year 2</u>
	<u>1460 bed days</u>	<u>1460 bed days</u>
A. Utilization Data (Specify unit of measure)		
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>1,157,833</u>	\$ <u>1,180,990</u>
2. Outpatient Services	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	\$ <u>1,157,833</u>	\$ <u>1,180,990</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u> </u>	\$ <u> </u>
2. Provision for Charity Care	<u> </u>	<u> </u>
3. Provisions for Bad Debt	<u> </u>	<u> </u>
Total Deductions	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING REVENUE	\$ <u>1,157,833</u>	\$ <u>1,180,990</u>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>639,781</u>	\$ <u>652,577</u>
2. Physician's Salaries and Wages	<u> </u>	<u> </u>
3. Supplies	<u> </u>	<u> </u>
4. Taxes	<u> </u>	<u> </u>
5. Depreciation	<u> </u>	<u> </u>
6. Rent	<u>88,500</u>	<u>90,270</u>
7. Interest, other than Capital	<u> </u>	<u> </u>
8. Management Fees:		
a. Fees to Affiliates	<u> </u>	<u> </u>
b. Fees to Non-Affiliates	<u>60,360</u>	<u>61,567</u>
9. Other Expenses (Specify) <u>(see attached)</u>	<u>369,192</u>	<u>376,576</u>
Total Operating Expenses	\$ <u>1,157,833</u>	\$ <u>1,180,990</u>
E. Other Revenue (Expenses) -- Net (Specify)	\$ <u> </u>	\$ <u> </u>
NET OPERATING INCOME (LOSS)	\$ <u>0</u>	\$ <u>0</u>
F. Capital Expenditures		
1. Retirement of Principal	\$ <u> </u>	\$ <u> </u>
2. Interest	<u> </u>	<u> </u>
Total Capital Expenditures	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$ <u>0</u>	\$ <u>0</u>
LESS CAPITAL EXPENDITURES	\$ <u> </u>	\$ <u> </u>

Administrative Expenses	\$96,550
Employee Benefits Expenses	\$118,132
Health Services Expenses	\$35,000
Other Operating Expenses	\$28,960
Plant Operation Expenses	\$19,600
Programming Expenses	\$52,450
Dietary Expenses	\$2,500
Clinical Services	\$16,000
TOTAL:	\$369,192

Attachment C. Economic Feasibility - 10**Balance Sheet, Income Statement and Audited Financial Statement**

**OPEN ARMS CARE CORPORATION INC.,
AND AFFILIATES**

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Open Arms Care Corporation Inc., and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Open Arms Care Corporation Inc., and Affiliates as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 14-16 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
May 26, 2015

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Balance Sheets

December 31, 2014 and 2013

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 1,376,934	\$ 2,241,667
Funds held in custody for others	341,008	227,967
Patient accounts receivable, less allowance for uncollectible accounts of approximately \$89,000 in 2014 and 2013	3,461,373	3,235,963
Prepaid expenses and other current assets	50,657	65,368
Trusteed funds - current portion	<u>309,272</u>	<u>1,092,324</u>
Total current assets	<u>5,539,244</u>	<u>6,863,289</u>
Property and equipment:		
Land and land improvements	3,635,056	3,408,743
Buildings and improvements	20,623,250	20,421,917
Furniture and equipment	4,017,214	3,942,706
Vehicles	<u>86,893</u>	<u>92,789</u>
	28,362,413	27,866,155
Accumulated depreciation and amortization	<u>(23,234,385)</u>	<u>(22,007,838)</u>
Property and equipment	<u>5,128,028</u>	<u>5,858,317</u>
Other Assets:		
Trusteed funds	3,006,237	3,740,683
Bond issue costs, less accumulated amortization of approximately \$1,756,000 and \$1,691,000 in 2014 and 2013, respectively	141,157	197,786
Investments and other long-term assets	<u>1,140,844</u>	<u>1,093,683</u>
Total other assets	<u>4,288,238</u>	<u>5,032,152</u>
Total assets	<u>\$ 14,955,510</u>	<u>\$ 17,753,758</u>

	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable and accrued expenses	\$ 690,968	\$ 661,879
Funds held in custody for others	341,008	227,967
Accrued salaries and benefits	783,587	912,761
Accrued interest	234,698	274,909
Current portion of long-term debt	<u>2,059,992</u>	<u>1,964,992</u>
Total current liabilities	4,110,253	4,042,508
Long-term debt, less current portion	<u>9,670,666</u>	<u>11,726,109</u>
Total liabilities	13,780,919	15,768,617
Net assets	<u>1,174,591</u>	<u>1,985,141</u>
Total liabilities and net assets	<u>\$ 14,955,510</u>	<u>\$ 17,753,758</u>

See accompanying notes to the consolidated financial statements.

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OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues:		
Net patient service revenues	\$ 38,502,732	\$ 38,566,913
Investment income	150,620	209,565
Net special events revenue	27,320	29,486
Other revenues	<u>171,609</u>	<u>45,851</u>
Total unrestricted revenues	<u>38,852,281</u>	<u>38,851,815</u>
Expenses:		
Salaries and wages	23,076,453	22,331,999
Employee benefits	4,441,974	4,376,569
Professional services	1,696,685	1,582,793
Supplies and expenses	4,826,986	4,672,551
Maintenance and repairs	525,870	494,137
Utilities	705,636	667,133
Insurance	515,976	494,518
Depreciation and amortization	1,058,046	1,110,673
Interest expense	651,871	748,270
Loss (gain) on disposal of property and equipment	(11,398)	691
Taxes and licenses	2,165,143	2,185,300
Provision for doubtful accounts	<u>9,589</u>	<u>16,306</u>
Total expenses	<u>39,662,831</u>	<u>38,680,940</u>
Excess of revenues over expenses (expenses over revenues)	(810,550)	170,875
Net assets at beginning of year	<u>1,985,141</u>	<u>1,814,266</u>
Net assets at end of year	<u>\$ 1,174,591</u>	<u>\$ 1,985,141</u>

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Excess of revenues over expenses (expenses over revenues)	\$ (810,550)	\$ 170,875
Adjustments to reconcile excess (deficit) revenues over expenses to net cash provided (used) by operating activities:		
Net gains on investments and trustee funds	(51,460)	(97,928)
Depreciation and amortization	1,058,046	1,110,673
Provision for doubtful accounts	9,589	16,306
(Gain) loss on disposal of property and equipment	(11,398)	691
(Increase) decrease in operating assets:		
Patient accounts receivable	(234,999)	120,355
Prepaid expenses and other current assets	14,711	(22,497)
Other assets	16,366	5,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	29,089	(1,633)
Accrued salaries and benefits	(129,174)	(649,460)
Accrued interest	(40,211)	(38,298)
Net cash provided (used) by operating activities	<u>(149,991)</u>	<u>614,084</u>
Cash flows from investing activities:		
Proceeds from the sale (purchases) of investments, net	(22,851)	97,665
Proceeds from disposal of property and equipment	4,708	15,110
Purchase of property and equipment	(259,889)	(189,954)
Decrease in trustee funds, net	<u>1,528,282</u>	<u>805,994</u>
Net cash provided by investing activities	<u>1,250,250</u>	<u>728,815</u>
Cash flows from financing activities -		
Principal payments of long-term debt	<u>(1,964,992)</u>	<u>(1,874,992)</u>
Decrease in cash and cash equivalents	(864,733)	(532,093)
Cash and cash equivalents at beginning of year	<u>2,241,667</u>	<u>2,773,760</u>
Cash and cash equivalents at end of year	\$ <u>1,376,934</u>	\$ <u>2,241,667</u>
Supplemental disclosure of cash flow information -		
Cash paid for interest	\$ <u>692,082</u>	\$ <u>786,568</u>

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(1) Organization

The accompanying consolidated financial statements of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") include the transactions and accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation ("Foundation"), and Open Arms Health System, LLC ("Clinic").

Open Arms Care Corporation, Inc. owns intermediate care facilities for persons with intellectual and developmental disabilities. The facilities are located in Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. Prior to November 6, 2000, Open Arms Care Corporation, Inc. was known as Rebound Care Corporation d/b/a Open Arms Care Corporation. In 2005, the Foundation was formed to support non-Medicaid allowable expenses and capital projects through charitable donations for the benefit of the Open Arms Care Corporation, Inc.'s clients. In 2013, Open Arms Health System, LLC was formed to provide routine clinic services to the clients and employees of Open Arms Care Corporation, Inc.

(2) Summary of significant accounting policies(a) Principles of consolidation

These consolidated financial statements include the accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation, Inc., and Open Arms Care Health Services, LLC. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and cash equivalents

The Company considers cash and highly liquid investments having a maturity date at acquisition of 90 days or less, excluding amounts designated under bond indenture agreements and trustee funds designated for operating expenditures, to be cash and cash equivalents.

(c) Investments and trustee funds

Investments and trustee funds, which are comprised of cash and cash equivalents, equity and debt securities with readily determinable fair values, are accounted for as trading securities and all investments in such securities are measured at fair value. Investment income or loss (including realized gains and losses on the sale of investments, interest, dividends, and unrealized gains and losses on investments) is included in unrestricted revenues unless the income or loss is restricted by donor or law.

(d) Property and equipment

Property and equipment are stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Buildings and improvements are generally depreciated over ten to twenty five years, furniture and equipment over three to ten years and vehicles over three to five years.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(e) Bond issue costs and discount

Bond issue costs and discount are being amortized using the effective interest method over the life of the debt.

(f) Performance indicator

The excess of revenues over expenses or expenses over revenues as reflected in the accompanying statements of operations is a performance indicator.

(g) Federal income taxes

Open Arms Care Corporation, Inc. is an organization recognized as exempt from federal income tax under Section 501(c)(3) and as a public charity under Section 509(a)(1) and as a hospital described in Section 170(b)(1)(A)(iii). Open Arms Care Foundation is an organization recognized as exempt from federal income tax under 501(c)(3) and as a public charity under Section 509(a)(1) and as a publicly supported organization under Section 170(b)(1)(A)(vi). The Internal Revenue Service has determined that the Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Open Arms Health System, LLC is a single member limited liability company and for tax purposes, is treated as a disregarded entity of Open Arms Care Corporation, Inc.

Under generally accepted accounting principles, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax purposes not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

As of December 31, 2014, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company files Federal Form 990 informational tax returns. The Company is currently open to audit under the statute of limitations for years ended December 31, 2011 through 2014.

(h) Revenue recognition

Net patient service revenue is recognized at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are made on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(i) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2014 and May 26, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk

The Company may maintain cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(4) Medicaid program

Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Company is reimbursed at a rate determined prospectively based on its filed cost reports. Final determination of amounts to be received is subject to audit by Medicaid.

The State of Tennessee passed legislation, effective July 1, 1994, which imposed a provider tax on Intermediate Care Facilities for persons with intellectual and developmental disabilities at a rate of 6% of gross receipts, as defined. During 2008, this rate was reduced to 5.5%. The statements of operations include approximately \$2,106,000 and \$2,128,000 of Tennessee provider tax expense for 2014 and 2013, respectively. Additionally, net patient service revenues include approximately \$2,106,000 and \$2,128,000 in reimbursement related to per diem rates as a result of the provider tax for 2014 and 2013, respectively.

Substantially all net patient service revenues in 2014 and 2013 relate to services provided to patients covered by the Medicaid program. Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. The Company believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(5) Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Company does not have any fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2014 and 2013.

The following table sets forth by level, within the fair value hierarchy, the Company's investments and trusted funds at fair value as of December 31, 2014 and 2013:

Fair Value Measurements as of
December 31, 2014 using the following inputs

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 1,298,664	\$ -	\$ -	\$ 1,298,664
Marketable equity securities	511,181	-	-	511,181
Corporate & government debt securities	<u>461,884</u>	<u>2,155,449</u>	<u>-</u>	<u>2,617,333</u>
Total	<u>\$ 2,271,729</u>	<u>\$ 2,155,449</u>	<u>\$ -</u>	<u>\$ 4,427,178</u>

Fair Value Measurements as of
December 31, 2013 using the following inputs

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 1,615,766	\$ -	\$ -	\$ 1,615,766
Marketable equity securities	1,029,614	-	-	1,029,614
Corporate & government debt securities	<u>589,710</u>	<u>2,646,060</u>	<u>-</u>	<u>3,235,770</u>
Total	<u>\$ 3,235,090</u>	<u>\$ 2,646,060</u>	<u>\$ -</u>	<u>\$ 5,881,150</u>

(6) Trusted funds

Trusted funds consist of the following:

	<u>2014</u>	<u>2013</u>
Debt reserve funds	\$ 2,617,710	\$ 2,606,227
Debt service funds	309,272	1,092,324
Renewal and replacement funds	<u>388,527</u>	<u>1,134,456</u>
	<u>\$ 3,315,509</u>	<u>\$ 4,833,007</u>

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

The bond funds are maintained in accordance with the trust indentures related to the bond issue described in Note 7. Amounts on deposit in the debt service and debt reserve funds are required to be used to pay interest, principal and provide security (collateral) for indebtedness on the bonds. Amounts on deposit in the renewal and replacement funds are excess funds to be used in the event there are insufficient moneys available to pay all amounts due as to principal and interest on the Series 1998 Bonds, payment of operating expenses to the extent of any deficiency in the operating and maintenance fund, and payment of the cost of additions and capital improvements.

(7) Long-term debt

Long-term debt consists of the following:

	<u>2014</u>	<u>2013</u>
The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee Health Facility Revenue Refunding Bonds Series 1998 (Series 1998 Bonds), interest varying from 5.0% to 5.1% through 2019.	\$ 10,975,000	\$ 12,860,000
The Health, Educational and Housing Facility Board of the County of Shelby, Tennessee; interest at 4.34% per annum due July 1, 2023.	766,750	846,742
Less bond issue discount	<u>(11,092)</u>	<u>(15,641)</u>
	11,730,658	13,691,101
Less current portion	<u>(2,059,992)</u>	<u>(1,964,992)</u>
Long-term debt, net of current portion	\$ <u>9,670,666</u>	\$ <u>11,726,109</u>

In 1998, the Company issued \$32,585,000 Series 1998 Bonds. The Series 1998 Bonds were issued under the terms of a Note and Master Trust Indenture dated September 1, 1998. The proceeds of the Series 1998 Bonds were used to refund all of The 1992 Health, Educational and Housing Facility Board of the county of Shelby, Tennessee Revenue Bonds, fund a debt service fund for the Series 1998 Bonds, and pay a portion of the costs of issuing the bonds.

The Series 1998 Bonds are insured by a municipal bond insurance policy with Radian Group, Inc. ("Radian") and are secured by the assets of the Company. Bonds that mature on or after August 1, 2012 are subject to redemption in whole or in part at any time after August 1, 2008 at par.

In 2003, the Company borrowed \$1,600,000 at an interest rate equal to 4.38% per annum from the Health, Educational, and Housing Facility Board of the county of Shelby, Tennessee maturing on July 1, 2023 for the purchase of the new land and building in Memphis, Tennessee. The original loan agreement stated a call provision that allowed the holder to demand full payment on February 1, 2009. On April 13, 2009, this loan agreement was amended and the call provision was extended until April 1, 2011 and the interest rate was reduced to 3.47%. On May 17, 2011, this loan agreement was amended and the call provision was extended until April 1, 2016 and the interest rate was increased to 4.34%.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

A summary of approximate future maturities on long-term debt as of December 31, 2014 is as follows:

<u>Year</u>	
2015	\$ 2,059,992
2016	2,165,000
2017	2,270,000
2018	2,380,000
2019	2,500,000
2020 and later years	366,758
Less bond issue discount	<u>(11,092)</u>
	<u>\$ 11,730,658</u>

During 2015, the long-term debt discussed above was paid off in conjunction with a sale-leaseback transaction as discussed in Note 13.

(8) Investment income

Investment income during 2014 and 2013 was comprised of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividend	\$ 99,160	\$ 111,637
Realized gain	183,314	63,742
Change in unrealized gain (loss)	<u>(131,854)</u>	<u>34,186</u>
	<u>\$ 150,620</u>	<u>\$ 209,565</u>

(9) Commitments and ContingenciesOperating Lease Commitments

Future minimum annual rental payments under noncancelable operating lease and service agreements as of December 31, 2014 are as follows:

<u>Year</u>	
2015	\$ 306,000
2016	278,000
2017	87,000
2018	<u>7,000</u>
	<u>\$ 678,000</u>

Total rental expense under noncancelable operating leases and service agreements, which includes amounts applicable to short-term leases, was approximately \$1,026,000 and \$934,000 for 2014 and 2013, respectively. The expense is higher than the future commitments due to vehicle leases that have cancellation features at the Company's option.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Healthcare Regulation

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Healthcare Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act ("collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation become effective at various dates over the next several years and a number of additional steps are required to implement these requirements. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. Changes to existing Medicaid coverage and payments are also expected to occur as a result of this legislation. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the Company's operations.

Insurance

The Company maintains claims made basis professional and occurrence basis general liability insurance for primary coverage. The Company also maintains excess insurance coverage.

Litigation

The Company is subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Company's financial position.

(10) Related party transactions

The Company incurred professional fees and expenses totaling approximately \$50,000 and \$87,000 in 2014 and 2013, respectively, for services provided by an entity owned by a board member.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(11) Functional expenses

The Company provides intermediate care services to individuals with intellectual and developmental disabilities within certain geographic locations. Expenses related to providing these services are as follows:

	<u>2014</u>	<u>2013</u>
Intellectual and developmental services	\$ 36,315,584	\$ 35,413,920
General and administrative	3,322,901	3,213,287
Fundraising	<u>24,346</u>	<u>53,733</u>
	<u>\$ 39,662,831</u>	<u>\$ 38,680,940</u>

(12) Retirement plan

The Company has a defined contribution 403(b) retirement plan for employees who have two years of service. For the years ended December 31, 2014 and 2013, the Company contributed approximately 1.0% of each participants' compensation, subject to Internal Revenue Code limitations. The Company contributed approximately \$147,000 and \$146,000 to the plan in 2014 and 2013, respectively.

(13) Subsequent events

During April 2015, the Company sold substantially all of its property and equipment to an unrelated party for approximately \$11.5 million. The Company received cash of approximately \$9.6 million and a note receivable for \$1.9 million. The Company used the cash proceeds and certain trusted funds to retire all of the Company's long-term debt discussed in Note 7. The gain, which was approximately \$5,765,000, will be deferred and recognized as a reduction in rent expense over the term of the new lease. In conjunction with the transaction, the Company entered into an agreement to lease the property and equipment from the buyer. The lease is for a term of 15 years and can be extended at the option of the Company for two additional 5 year terms. The payments under the lease through the initial lease term ending in 2030 are as follows:

<u>Year</u>	
2015	\$ 2,714,000
2016	3,276,000
2017	2,746,000
2018	2,112,000
2019	1,586,000
Thereafter	<u>6,600,000</u>
	<u>\$ 19,034,000</u>

During 2015, the Company entered into a long-term management agreement with Integra Resources, LLC to manage its facilities. The management agreement is for a term of 7 years and calls for annual payments of approximately \$2.4 million.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet

December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Current Assets:										
Cash and cash equivalents	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 1,071,871	\$ 1,090,871	\$ 90,474	\$ 1,181,345	\$ 195,589	\$ 1,376,934
Funds held in custody for others	73,558	40,541	121,237	105,672	-	341,008	-	341,008	-	341,008
Patient accounts receivable, net	828,978	916,787	912,479	803,026	103	3,461,373	-	3,461,373	-	3,461,373
Prepaid expenses and other current assets	16,431	14,841	7,324	11,076	985	50,657	-	50,657	-	50,657
Trusteed funds - current portion	-	-	-	-	309,272	309,272	-	309,272	-	309,272
Total current assets	922,967	977,169	1,046,040	924,774	1,382,231	5,253,181	90,474	5,343,655	195,589	5,539,244
Property and equipment:										
Land and land improvements	668,173	906,081	681,621	1,379,181	-	3,635,056	-	3,635,056	-	3,635,056
Buildings and improvements	5,021,197	4,879,231	6,110,235	4,589,108	23,479	20,623,250	-	20,623,250	-	20,623,250
Furniture and equipment	827,784	965,344	870,188	863,079	490,819	4,017,214	-	4,017,214	-	4,017,214
Vehicles	9,234	18,555	25,610	33,494	-	86,893	-	86,893	-	86,893
Accumulated depreciation and amortization	6,526,388	6,769,211	7,687,654	6,864,862	514,298	28,362,413	-	28,362,413	-	28,362,413
	(5,400,090)	(5,889,659)	(5,711,051)	(5,753,666)	(479,919)	(23,234,385)	-	(23,234,385)	-	(23,234,385)
Property and equipment	1,126,298	879,552	1,976,603	1,111,196	34,379	5,128,028	-	5,128,028	-	5,128,028
Other assets:										
Trusteed funds	795,513	475,716	470,639	796,527	467,842	3,006,237	-	3,006,237	-	3,006,237
Bond issue costs, less accumulated amortization	42,150	25,211	31,593	42,203	-	141,157	-	141,157	-	141,157
Investments and other long-term assets	7,500	6,815	14,360	-	1,112,169	1,140,844	-	1,140,844	-	1,140,844
Total other assets	845,163	507,742	516,592	838,730	1,580,011	4,288,238	-	4,288,238	-	4,288,238
Total assets	\$ 2,894,428	\$ 2,364,463	\$ 3,539,235	\$ 2,874,700	\$ 2,996,621	\$ 14,669,447	\$ 90,474	\$ 14,759,921	\$ 195,589	\$ 14,955,510

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet (continued)

December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Current liabilities:										
Accounts payable and accrued expenses	\$ 134,896	\$ 133,852	\$ 216,547	\$ 118,089	\$ 75,065	\$ 678,449	\$ -	\$ 678,449	\$ 12,519	\$ 690,968
Funds held in custody for others	73,558	40,541	121,237	105,672	-	341,008	-	341,008	-	341,008
Accrued salaries and benefits	235,281	174,398	153,070	169,637	51,201	783,587	-	783,587	-	783,587
Accrued interest	73,085	43,713	44,723	73,177	-	234,698	-	234,698	-	234,698
Current portion of long-term debt	620,486	371,115	447,127	621,264	-	2,059,992	-	2,059,992	-	2,059,992
Total current liabilities	1,137,306	763,619	982,704	1,087,839	126,266	4,097,734	-	4,097,734	12,519	4,110,253
Intercompany payable/(receivable)	(3,528,646)	(738,127)	(1,072,795)	(2,801,424)	8,140,992	-	-	-	-	-
Long-term debt, less current portion	2,814,794	1,683,875	2,352,573	2,819,424	-	9,670,666	-	9,670,666	-	9,670,666
Total liabilities	423,454	1,709,367	2,262,482	1,105,839	8,267,258	13,768,400	-	13,768,400	12,519	13,780,919
Net assets (deficit), unrestricted	2,470,974	655,096	1,276,753	1,768,861	(5,270,637)	901,047	90,474	991,521	183,070	1,174,591
Total liabilities and net assets (deficit)	\$ 2,894,428	\$ 2,364,463	\$ 3,539,235	\$ 2,874,700	\$ 2,996,621	\$ 14,669,447	\$ 90,474	\$ 14,759,921	\$ 195,589	\$ 14,955,510

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Statement of Operations and Changes in Net Assets (Deficit)

For the year ended December 31, 2014

	Chattanooga	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Unrestricted revenue:										
Net patient services revenue	\$ 10,112,558	\$ 9,965,808	\$ 9,581,650	\$ 8,842,716	\$ -	\$ 38,502,732	\$ -	\$ 38,502,732	\$ -	\$ 38,502,732
Investment income	27,214	16,264	16,090	27,234	63,598	150,400	-	150,400	220	150,620
Net special events revenue	-	-	-	-	-	-	-	-	27,320	27,320
Intercompany revenue	22,632	2,424	10,095	5,591	8,625	49,367	-	49,367	(49,367)	-
Other revenues	26,063	24,385	24,492	30,966	15,149	121,055	1,000	122,055	49,554	171,609
Total unrestricted revenues	10,188,467	10,008,881	9,632,327	8,906,507	87,372	38,823,554	1,000	38,824,554	27,727	38,852,281
Expenses:										
Salaries and wages	\$ 5,810,077	\$ 5,935,693	\$ 5,418,382	\$ 5,311,568	\$ 600,733	\$ 23,076,453	-	\$ 23,076,453	-	\$ 23,076,453
Employee benefits	1,258,451	1,227,786	951,774	950,885	53,078	4,441,974	-	4,441,974	-	4,441,974
Professional services	238,449	217,620	631,742	252,387	352,877	1,693,075	2,610	1,695,685	1,000	1,696,685
Supplies and expenses	1,207,485	1,105,180	1,160,867	922,919	401,256	4,797,707	20,325	4,818,032	8,954	4,826,986
Maintenance and repairs	151,884	115,002	130,930	122,854	4,895	525,565	305	525,870	-	525,870
Utilities	187,795	159,041	155,874	202,209	717	705,636	-	705,636	-	705,636
Insurance	122,092	127,060	114,992	117,292	34,540	515,976	-	515,976	-	515,976
Depreciation and amortization	263,571	233,956	291,373	244,068	25,078	1,058,046	-	1,058,046	-	1,058,046
Interest expense	192,994	115,421	150,172	193,284	-	651,871	-	651,871	-	651,871
Loss (gain) on disposal of property and equipment	(1,281)	1,071	(6,757)	(4,431)	-	(11,398)	-	(11,398)	-	(11,398)
Taxes and licenses	573,559	557,602	534,431	496,966	2,025	2,164,583	393	2,164,976	167	2,165,143
Provisions for doubtful accounts	9,268	-	321	-	-	9,589	-	9,589	-	9,589
Intercompany expense	305,184	305,184	305,184	305,184	(1,220,736)	-	-	-	-	-
Total expenses	10,319,528	10,100,616	9,839,285	9,115,185	254,463	39,629,077	23,633	39,652,710	10,121	39,662,831
Increase (decrease) in net assets (deficit)	(131,061)	(91,735)	(206,958)	(208,678)	(167,091)	(805,523)	(22,633)	(828,156)	17,606	(810,550)
Net assets (deficit) at beginning of year	2,602,035	746,831	1,483,711	1,977,539	(5,103,546)	1,706,570	113,107	1,819,677	165,464	1,985,141
Net assets (deficit) at end of year	\$ 2,470,974	\$ 655,096	\$ 1,276,753	\$ 1,768,861	\$ (5,270,637)	\$ 901,047	\$ 90,474	\$ 991,521	\$ 183,070	\$ 1,174,591

See accompanying independent auditors' report

Open Arms Care Corporation
Summary of All Units
BALANCE SHEET
Wednesday, September 30, 2015
@YTD

10/12/2015

ASSETS**CURRENT ASSETS:**

Cash	\$2,608,360.12
ServisFirst-General	2,003,119.24
Client Funds	341,008.05
Cash in Escrow	4,000.00
Accounts Receivable-Patient	3,276,407.18
Accounts Receivable-Other	20,786.54
Accounts Receivable-OAHS	383.25
Allowance for Doubtful Accounts	(89,354.81)
Prepaid Expense	49,986.23
Total Current Assets	8,214,695.80

Property & Equipment:

PP&E Clearing (WCO)	186,294.79
Buildings & Improvements	14,916.28
Vehicles	69,049.35
Less Accumulated Depreciation	(70,167.65)
Net Property & Equipment	200,092.77

Deposits	14,815.18
Note Receivable	1,914,894.96
Investment in OAHS	125,100.00
Other Non Current Assets	14,360.00
Total Assets	\$10,483,958.71

Liabilities & Fund Balance**Current Liabilities**

Accounts Payable	368,843.19
Client Funds	341,008.05
Employee Withholdings	10,237.55
Accrued Salaries & Payroll Taxes	595,852.94
Accrued Vacation	492,888.13
Accrued Expenses	518,785.59
Accrued Interest	20,000.00
Accrued Rent	1,414,792.20
Deferred Rent	16,439.00
Due to Management Company	49,355.65
Total Current Liabilities	3,828,202.30

Deferred Gain	6,665,761.83
Deferred Gain - Closing Costs	(900,201.61)
Note Payable-Integra	2,000,000.00
Total Liabilities	\$11,593,762.52

Fund Balance

Beginning Fund Balance	1,026,148.18
Net Surplus (Deficit)	(2,135,951.99)
Total Fund Balance	(1,109,803.81)
Total Liabilities & Fund Balance	\$10,483,958.71

UNAUDITED

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

10/12/2015

	REVENUE								
	June ACTUAL	July ACTUAL	August ACTUAL	ACTUAL	September BUDGET	Var	ACTUAL	YTD BUDGET	Var
Medical	\$3,130,679	\$3,221,959	\$3,228,407	\$3,126,748	\$3,265,699	(\$138,951)	\$28,266,601	\$29,337,421	(\$1,071,820)
Resident Liability	109,395	105,600	106,126	106,126		106,126	962,884		962,884
Unrealized Gains (Losses)							(149,897)		(149,897)
Miscellaneous Income	15	70,769	848			576	71,707		71,707
Investment Income	728	595	594				176,322		176,322
Gain/ Loss-Asset Disposal	2,550						5,325		5,325
Donations	200	1,350	6				1,563		1,563
United Way Designations			145				186		186
Corporate Gifts & Grants							2,720		2,720
Support from OACF							1,829		1,829
Total Revenue	3,243,567	3,400,273	3,336,126	3,233,450	3,265,699	(32,249)	29,340,250	29,337,421	2,829

Capacity	256	256	256	256	0	(256)	256	0	(256)
Occupied Beds	255	253	254	255	0	(255)	255	0	(255)
Occupancy %	99.6%	98.8%	99.2%	99.6%	0.0%	(99.6%)	99.6%	0.0%	(99.6%)
Last Revenue Days	25	91	73	32		(32)	333		(333)

WAGES									
Salary Wages	370,791	367,994	366,523	308,962	329,376	20,414	3,529,380	3,306,195	(223,185)
Regular Hourly Wages	1,124,275	1,171,711	1,188,009	1,152,262	1,143,671	(8,591)	10,180,340	10,358,541	(178,201)
Overtime Wages	61,211	70,580	93,314	83,598	49,498	(34,100)	566,893	445,498	(123,395)
Sick Wages	21,072	21,039	23,334	26,602	25,156	(1,446)	215,661	226,403	10,742
Incentive/Bonus Wages	200	2,882	(427)	2,922	2,922	872	14,165	26,308	12,143
Holiday Wages	6,546	63,671	6,177	65,341	38,685	(26,656)	319,973	348,173	28,200
Vacation Wages	77,240	73,434	71,760	61,678	67,165	5,487	572,012	604,496	32,484
Training Wages	3,461	3,775	2,962	3,845	3,320	(525)	32,123	29,880	(2,243)
Temporary Labor Services	6,982	16,059	17,224	24,427	6,802	(17,625)	125,271	61,218	(64,053)
Payroll Taxes	122,429	132,176	128,439	127,157	122,795	(4,362)	1,158,527	1,136,745	(21,781)
TOTAL	1,794,307	1,923,321	1,897,315	1,855,922	1,789,390	(66,532)	16,716,345	16,543,458	(172,887)

EMPLOYEE BENEFITS									
Medical/Hospital Benefits	260,018	229,558	265,978	247,877	260,272	12,395	2,339,367	2,397,712	58,345
Dental Insurance Benefits	4,703	4,971	4,967	4,709	5,184	475	44,020	46,802	2,782
Life Ins AD&D Benefits	13,856	14,568	13,969	13,702	14,285	583	128,671	130,283	1,612
403B Contributions	10,634	15,897	10,451	10,771	11,364	593	106,735	105,203	(1,532)
Workers Compensation	38,336	68,299	54,248	55,023	62,266	7,243	504,307	560,394	56,087
Staff Education-Tuition Reimb	2,588	588	3,983		2,774	2,774	22,120	24,966	2,846
Other Benefits	62	277	161	72	91	19	1,192	818	(374)
TOTAL	330,197	334,158	353,757	332,154	356,236	24,082	3,146,412	3,266,178	119,766
OPERATING EXPENSE									
Awards & Incentives	950	354	3,036	25,247	3,765	(21,482)	43,262	33,885	(9,377)
Bad Debt					807	807		7,263	7,263
Bank Charges	1,202	1,217	766	661	2,002	1,341	16,464	18,018	1,554
				UNAUDITED					

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

10/12/2015

	June ACTUAL	July ACTUAL	August ACTUAL	ACTUAL	September BUDGET	Var	ACTUAL	YTD BUDGET	Var
Client Lodging	(170)	20			44	44	872	396	396
Community Awareness		305			76	75	20	6,984	6,112
Consult/Contract-Ambulance	152	76	76	152	502	325	325	675	(20)
Consult/Contract-Audiology	21,724	18,564	43,536	38,285	23,756	1,900	254,705	4,518	2,618
Consult/Contract-Behav Spec	5,745	7,324	7,874	8,120	5,769	(14,529)	72,475	213,804	(40,901)
Consult/Contract-Dental	15,404	11,700	17,209	13,757	14,324	(2,331)	126,542	52,101	(20,374)
Consult/Contract-D.T.	9,659	9,923	10,335	8,861	9,146	567	84,436	128,916	2,374
Consult/Contract-P.T.	2,235	1,500	2,200	1,950	2,467	285	18,642	82,314	(12,122)
Consult/Contract-Psychiatry	10,127	4,009	7,561	3,839	5,346	1,507	55,304	22,203	3,561
Consult/Contract-Psychology	5,232	819	6,573	6,105	5,568	(537)	37,920	48,114	(7,190)
Consult/Contract-Social Services	6,932	8,592	13,644	7,652	10,245	2,593	91,934	50,112	12,192
Consult/Contract-Speech					125	125	165	92,205	271
Consult/Contract-TT	4	127	345	(341)	350	691	254	1,125	960
Consult/Contract-Lab Fees		231			78	78	463	3,150	2,896
Consult/Contract-Holiness	1,414	434	1,295	560	1,139	579	12,767	702	239
Consult/Contract-Pharmacy	14,300	14,643	14,197	14,202	13,600	(602)	128,241	10,251	(2,516)
Consult/Contract-Physicians	2,100	932	2,100	1,050	1,272	(1,050)	6,300	122,400	(5,841)
Consult/Contract-RN	2,102	5,833	1,594	616	1,272	656	11,978	11,448	(530)
Directors' Fees & Expenses	12,910	4,731	5,833	7,083	8,333	1,250	61,953	74,997	13,044
Dues & Subscriptions	4,731	2,157	1,729	3,389	6,129	2,740	37,842	55,161	17,319
Equipment-Non Capital	14,386	9,047	32,085	32,639	12,296	(20,343)	133,420	110,655	(22,765)
Improvements-Non-Capital					646	646	2,982	5,814	2,832
Insurance	43,302	43,302	43,302	43,302	43,414	112	390,597	390,747	150
IT Support - PCLaptop Support	8,502	10,088	10,016	9,415	7,999	(1,416)	79,438	71,991	(7,447)
IT Support - Network/Server	15,837	15,425	15,066	14,589	17,142	2,553	138,020	152,274	14,254
IT Support - Minor Equipment		3,041	10	5,423	1,115	(4,308)	57,420	10,029	(47,391)
IT Support - Shipping					44	44		396	396
IT Support - Special Projects			4,350		2,933	235	23,092	26,397	3,305
IT Support - Other					235	235		2,115	2,115
Janitorial Services	7,556	7,905	10,623	8,351	8,007	(344)	71,736	72,063	327
Late Fees/Finance Charges	38	705	128	(51)		51	1,865	311,850	(1,865)
Leased Building & Storage	32,479	30,536	31,576	32,392	34,650	2,258	289,550	112,269	(22,300)
Leased Equipment	12,433	13,186	12,560	10,296	12,475	2,179	116,763	112,269	(4,514)
Leased Transportation Vehicles	28,234	28,042	29,431	29,526	39,236	9,710	251,852	374,924	123,072
Maintenance & Repair-Building	15,446	22,711	52,522	14,823	18,415	3,592	180,648	165,735	(14,913)
Maintenance & Repair-Equip	6,221	5,906	8,136	8,865	9,671	815	65,958	87,039	21,081
Maintenance & Repair-Grounds	9,898	9,036	15,199	9,052	8,759	(293)	78,901	78,831	(70)
Maintenance & Repair-Vehicles	14,379	6,665	14,323	9,489	10,034	535	86,388	90,646	4,258
Medical Equipment	1,792	480	79	1,402	1,520	118	10,514	13,680	3,166
Meetings	6,104	3,570	3,210	4,047	3,185	(862)	27,082	28,665	1,583
Miscellaneous - Unallowable				20		(20)		5,220	(5,220)
Network Expense	7,995	7,802	7,808	8,306	9,614	1,308	70,151	86,526	16,375
Payroll Expenses	14,285	19,844	15,277	15,250	16,733	1,483	152,715	150,597	(2,118)
Pest Control	2,743	664	3,723	1,500	2,159	659	20,657	19,431	(1,226)
Postage and Courier Services	1,585	951	2,313	1,364	1,604	240	13,609	14,436	827

UNAUDITED

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

	June ACTUAL	July ACTUAL	August ACTUAL	ACTUAL	BUDGET	Var	ACTUAL	BUDGET	Var
Printing	74	321	1,750	2,258	499	(1,759)	4,936	4,491	(445)
Professional Fees-Audit	4,379	6,000	348	2,200	3,770	1,570	54,329	33,930	(20,399)
Professional Fees-Legal	11,248	1,491	348	(5,857)	11,759	17,616	42,232	105,831	63,599
Professional Fees-Other	4,300	4,420	14,275	13,750	2,111	(11,639)	67,851	18,999	(48,852)
Recreation - Clients	7,524	5,668	3,072	6,195	8,231	2,036	55,801	74,079	18,278
Security Services	1,726	260	780	7,773	2,357	(5,416)	21,777	21,213	(564)
Staff Education, Seminars	2,046	7,637	4,980	28	2,573	2,545	27,226	23,157	(4,069)
Staff Recruitment-Advertising	703	204	1,345	68	1,027	959	8,975	9,243	268
Staff Recruitment-PreEmploy	6,265	4,418	6,361	7,388	4,952	(2,436)	50,250	44,568	(5,682)
Staff Training Materials	2,140	3,423	3,348	599	2,533	1,934	20,910	22,797	1,887
Supplies-Cleaning and Laundry	9,564	8,111	11,926	10,409	9,785	(654)	89,327	87,795	(552)
Supplies-Client	7,577	6,861	7,588	8,323	6,332	(1,991)	66,346	56,988	(9,358)
Supplies-Clothing	1,380	305	788	728	1,282	564	8,975	11,628	2,653
Supplies-Food	76,125	73,045	71,059	74,541	71,949	(2,592)	637,732	647,541	9,809
Supplies-Food Supplements	4,634	6,161	4,946	8,819	5,693	(3,126)	48,382	51,237	2,855
Supplies-Non-food	6,492	5,188	7,306	7,352	5,647	(1,705)	53,390	50,828	(2,562)
Supplies-Medical	23,319	20,613	26,508	20,745	23,425	2,680	195,511	210,825	15,314
Supplies-Office	6,977	3,606	8,345	9,103	6,733	(2,370)	54,489	60,595	6,106
Supplies-Pharmacy-OTC	10,966	(1,633)	13,891	4,715	5,222	(2,507)	58,247	46,998	(11,249)
Supplies-Pharmacy-Rx	12,439	(1,901)	18,534	10,857	8,012	(2,845)	96,820	72,108	(24,712)
Supplies-Program	4,749	4,458	6,420	4,199	5,465	1,265	41,443	49,365	7,922
Supplies-Resident Decor/Linens	3,371	1,296	1,726	2,079	2,252	173	13,360	20,268	6,908
Taxes & Licenses-Business	12,010	2,425	800	1,659	194	(1,465)	49,973	39,447	(10,526)
Taxes & Licenses-Other	1,097	1,200	(800)	182,087	194	(1,465)	5,494	1,746	(3,748)
Taxes & Licenses-Provider	184,203	179,414	117	186,260	201,642	13,382	1,620,579	1,616,536	(4,043)
Taxes & Licenses-Transport	1,269	9	6,381	5,996	264	264	2,548	2,368	(180)
Telephone-Cell Phones	6,441	5,571	8,514	5,851	7,864	1,868	53,195	71,592	18,397
Telephone-Regular & Pagers	7,053	6,176	237	387	531	353	60,369	55,836	(4,533)
Telephone-Long Distance	448	310	13,987	12,779	21,201	8,422	2,814	4,779	1,965
Transportation-Gas, Oil, Detail	17,618	17,014	13,987	5,512	256	286	126,343	193,153	66,810
Travel-Airfare	4,307	1,144	4,633	5,512	4,156	(1,356)	1,144	2,304	1,160
Travel-Lodging	305	2,083	3,165	1,200	1,285	85	21,999	37,404	15,405
Travel-Meals & Entertainment	4,140	3,679	4,242	3,992	4,176	184	8,668	11,565	2,897
Travel-Mileage	451	135	284	135	280	145	32,315	37,586	5,271
Travel-Parking, Tolls, Auto	3,236	2,954	3,841	3,406	3,216	(190)	1,628	2,520	892
Utilities-Cable	36,311	40,008	45,502	33,153	40,692	7,539	366,385	366,228	(157)
Utilities-Electric	1,170	555	1,809	820	2,514	1,694	20,176	22,626	2,450
Utilities-Gas	1,100	2,200	1,100	1,100	1,257	157	3,854	4,482	628
Utilities-Propane	10,337	11,253	12,990	9,598	11,208	1,610	9,900	11,313	1,413
Utilities-Septic	47,668	49,975	45,221	38,822	44,870	6,048	100,828	100,872	44
Integra - Cost of Operations	199,360	199,360	199,360	199,360	200,000	640	277,627	314,090	36,463
Integra - Management Fee	1,106,512	1,012,119	1,201,506	1,109,491	1,121,444	11,953	1,196,160	1,400,000	203,840
TOTAL	1	(1)			(1)	(1)		5	6

UNAUDITED

Open Arms Care Corporation
Summary of All Units
Trended Income Statement
For the Nine Months Ending Wednesday, September 30, 2015

	June ACTUAL	July ACTUAL	August ACTUAL	September BUDGET	Var	YTD ACTUAL	YTD BUDGET	Var
TOTAL	1	(1)		(1)	(1)	(1)	5	6
TOTAL OPERATING EXPENSE	3,231,117	3,269,597	3,452,578	3,297,567	(30,498)	28,906,316	29,277,388	371,072
OPERATING MARGIN	12,450	130,676	(116,452)	(64,117)	(62,747)	433,934	60,033	373,904
CAPITAL								
Amortization	371	371	374	371	(371)	152,250	152,250	(97,479)
Depreciation	20,073	20,003	20,423	20,004	62,780	285,283	167,804	409,510
Interest	301,523	301,523	301,523	301,523	(95,307)	343,219	752,729	(365,624)
Rent Expense	321,867	321,897	322,317	321,898	(32,898)	1,808,135	1,443,511	(53,593)
TOTAL						2,569,867	2,516,294	
Net Surplus/(Deficit)	(\$309,517)	(\$191,221)	(\$438,769)	(\$386,015)	(\$95,645)	(\$2,135,953)	(\$2,456,267)	\$320,308

UNAUDITED

Contribution to the Orderly Development of Healthcare – 7 (C)

Licensure and Accreditation



STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
East Tennessee Regional Office of Licensure and Review
Greene Valley Developmental Center, Hawthorn Building
PO Box 910
Greeneville, Tennessee 37744-0910

February 18, 2015

Ms. Lisa King
Open Arms Care Corp.
Mountain View Rd, Suite 111
Ooltewah, TN 37363

Dear Lisa:

A review has been completed of Open Arms Care Corp. plan of compliance that was submitted on February 9, 2015. The approval status given your plan is: **Approved with Exception**- due to repeat findings noted from last year's licensure survey specifically pertaining to 6711 Mountain View Road. and Ringgold Road. sites. This approval status is noted on your plan of compliance. A copy of your plan of compliance is enclosed.

A detailed comprehensive plan indicating how your agency plans to address the repeat findings regarding the testing of emergency lights at 6711 Mountain View Road and Ringgold Road facilities must be submitted no later than March 4, 2015 .

Due to there being repeated findings, Open Arms Care Corp. is subject to a follow-up site inspection.

If you have any questions, please contact me by phone at 423-787-6553 or via email:
Elaine.C.Matthews@tn.gov

Sincerely,

A handwritten signature in cursive script, appearing to read "Elaine Matthews".

Elaine Matthews
Licensure Coordinator



STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES
East Tennessee Regional Office of Licensure
Greene Valley Developmental Center, Hawthorne Building
PO Box 910
KNOXVILLE, TENNESSEE 37902-2849

January 29, 2015

Ms. Lisa King
Open Arms Care Corporation
PO Box 929
Ooltewah, TN 37363

Dear Ms. King:

Licenses for the facilities below expire on January 31, 2015. Licensure rule #0940-5-2-.14 states, "When a licensee has made timely and sufficient application for a new license (including payment of the required fees), the existing license does not expire until the status of the application has been determined by the Department".

A complete application and associated fees have been submitted. The licenses below will remain in effect pending resolution of the *extension reasons listed herein*. Please call if you have any questions.

10535 Highway 58 at 10535 North Highway 58, Ooltewah, TN 37363
L000000012783 - Mental Retardation Institutional Habilitation, Capacity: 8
Reason for extension: Pending receipt of Plan of Compliance.

10539 Highway 58 at 10539 North Highway 58, Ooltewah, TN 37363
L000000012784 - Mental Retardation Institutional Habilitation, Capacity: 8
Reason for extension: Pending receipt of plan of compliance.

11419 Highway 58 at 11419 North Highway 58, Georgetown, TN 37336
L000000012785 - Mental Retardation Institutional Habilitation, Capacity: 8
Reason for extension: Pending receipt of Plan of Compliance.

11421 Highway 58 at 11421 North Highway 58, Georgetown, TN 37336
L000000012786 - Mental Retardation Institutional Habilitation, Capacity: 8
Reason for extension: Pending Receipt of Plan of Compliance.

7841 Sims at 7841 Sims Road, Harrison, TN 37341
L000000012787 - Mental Retardation Institutional Habilitation, Capacity: 8
Reason for extension: Pending receipt of Plan of Compliance.

Ms. Lisa King

January 29, 2015

Page 3

7845 Sims at 7845 Sims Road, Harrison, TN 37341

L000000012788 - Mental Retardation Adult Habilitation Day; Mental Retardation Institutional Habilitation, Capacity: 8

Reason for extension: Pending receipt of Plan of Compliance.

9253 Snow Hill at 9253 Snow Hill Road, Ooltewah, TN 37363

L000000012789 - Mental Retardation Institutional Habilitation, Capacity: 8

Reason for extension: Pending receipt of plan of compliance.

9255 Snow Hill at 9255 Snow Hill Road, Ooltewah, TN 37363

L000000012790 - Mental Retardation Institutional Habilitation, Capacity: 8

Reason for extension: Pending receipt of Plan of Compliance.

Open Arms Care Corporation - Mountain View at 6711 Mountain View Road, Suite 111, Ooltewah, TN 37363

L000000012791 - Mental Retardation Adult Habilitation Day

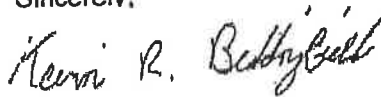
Reason for extension: Pending receipt of Plan of Compliance.

Open Arms Care Corporation - Ooltewah at 5731 Ooltewah-Ringgold Road, Ooltewah, TN 37363

L000000012792 - Mental Retardation Adult Habilitation Day

Reason for extension: Pending receipt of Plan of Compliance.

Sincerely,



Kevin Beddingfield



**STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL
DISABILITIES**

**East Tennessee Regional Office of Licensure and Review
Greene Valley Developmental Center, Hawthorn Building
PO Box 910**

Greeneville, Tennessee 37744-0910

February 18, 2015

Lisa King
Open Arms Care Corp.
6711 Mountain View Rd., Suite 111
Ooltewah, TN 37363

Dear Ms. King :

A review has been completed of the Open Arms Care Corp. plan of compliance that was submitted on February 9, 2015. The approval status given your plan is: **Approved**- Your plan of compliance is acceptable. You are expected to meet the terms of your plan.

A copy of your plan of compliance is being returned to you and is enclosed. This approval status letter and your plan of compliance should become part of your records.

If you have any questions, please contact me by phone at (423) 787-6553 or by email at Elaine.C.Matthews@tn.gov

Sincerely,

Kevin R. Beddingfield
Licensure Surveyor, East Region
Department of Intellectual and Developmental Disabilities



**LICENSURE NOTICE OF NON-COMPLIANCE
AND PLAN OF COMPLIANCE FORM**
STATE OF TENNESSEE
DEPARTMENT OF DEVELOPMENTAL DISABILITIES

DATE OF NOTICE:

1/30/2015

PAGE 1 OF 1 PAGE(S)

NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address)

Open Arms Care Corp, Mountain View

6711 Mountain View Rd, Suite 111

Ooltewah, TN 37363

NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE:
All Ooltewah Open Arms Sites

NAME AND ADDRESS OF DIDD LICENSURE OFFICE SENDING NOTICE:
East Tennessee office of Licensure and Review
Greene Valley Developmental Center, Hawthorne Building
PO Box 910
Greenville, TN 37744-0910

EVENT AND DATE RESULTING IN THIS NOTICE:

License Survey completed:

1/26/2015

YOUR PLAN OF COMPLIANCE MUST BE
RETURNED NO LATER THAN:

2/9/2015

NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the DIDD Office of Licensure listed above.

Reference Rule Number	Summary Of The Findings Of Non-Compliance With The Rules Reference	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.03 (2)(a)	6711 Mountain view road site - There was no documentation found of emergency lights tested for 30 seconds during the months of Jan, Feb, Mar, April, May, June, July, Aug, Sept, and Dec 2014. "REPEAT FINDING"		DSM to in-service on checking the emergency lights monthly during completion of the monthly Fire Drill	3-1-15
4-.03(2)(a)(i)	There was no documentation found of fire drills conducted during the months of December 2014.		(Completed)	
4-.03(2)(a)	Ooltewah Ringgold Road Site - There was no documentation of the emergency lights tested for 30 seconds during the months of Feb, Mar, April, May, June, July, Aug, and Sept, 2014 "REPEAT FINDING"		DSM to in-service on checking the emergency lights monthly during completion of the monthly Fire Drill	3-1-15

SIGNATURE OF DIDD REVIEWER OF P.O.C.

DATE OF REVIEW:

2-18-15

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE:

2/9/15

P.O.C. Review Codes: [See Review & Approval Status Form For Explanations]

A=Approved

AE=Approved With Exception

RR=Rejected: Re-submit

RS=Rejected: Sanctions

Reference Rule Number	Summary Of Two Paragraphs Of Non-Compliance With Rules Referenced	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
5.05(10)	Ooltewah Ringgold Rd Site -Cont- The refrigerator in the kitchen had a bad thermometer.		DSM to replace thermostat	3-1-15
4.06(2)(a)	7845 Sims Road- There was no documentation found of emergency lights being tested for 30 seconds during the month of October.		(Completed)	
4.06(2)(a)10i	There was no documentation found of fire drills being conducted in October 2014.		(Completed) PM to in-service on daily decontamination. Mold removed.	3-1-15
5.02(2)	Bed Room #2 has mold in shower.		DSM to replace thermostat.	3-1-15
5.05 (11)	Thermometer in the Greenhouse freezer is missing.		PM to in-service on the proper storage of dry food goods.	3-1-15
5.05(12)	Dry food not stored in sealed containers.		PM to in-service on proper storage of food item kept in the refrigerator	3-1-15
5.05(12)	Food in refrigerator not sealed/covered.			
2-16	DIDD License not posted in public area.			
SIGNATURE OF DIDD REVIEWER OF P.O.C.:		DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	
<i>Mr. R. Bell</i>		2/18/15	<i>Michael</i>	
*P.O.C. Review Codes. (See Review & Approval Status Form For Explanations.)		A = Approved	AE = Approved With Exception. RR = Rejected-Residual. RS = Rejected-Sanction.	
			2/9/15	

Reference Rule Number	Summary Of Fire Findings Of Non-Compliance With The Rules, Regulations	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06 (2)(a)	7841 Sims Rd.- There was no documentation found for emergency lights tested for 30 seconds during the month of Feb and June 2014.		(Completed)	
4-.06(2)(a)10i	There no documentation found for fire drills conducted in February 2014		(Completed)	
5-.05(12)	Dry food items not in sealed containers.		PM to in-service on the proper storage of dry food goods.	3-1-15
2-.16	DIDD License not posted in public area.		PM to post DIDD license in designated area.	3-1-15
4-.06(2)(a)	There was no documentation of emergency lights tested for 30 seconds during the month of November 2014		(Completed)	
4-.03(2)(a)(1)i	There was no documentation of fire drills conducted during the month of November 2014		(Completed)	3-1-15
5-.02(1)	Shelf over toilet tank is loose in Bathroom #1.		Maintenance, tighten shelve over toilet Bathroom #1	3-1-15
5-.02(2)	Tiles broken in floor of Bathroom #2		Maintenance, repair broken tile	
2-.16	DIDD License not posted in public area.		PM to post DIDD license in designated area.	3-1-15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:

DATE OF REVIEW:

Don R. Buggish

2-18-15

P.O.C. Review Codes (See Review & Approval Status Form For Explanations)

A = Approved.

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE

Don R. Buggish

3/9/15

AE = Approved With Exception.

RR = Rejected-Residual.

RS = Rejected-Sanction.

Reference Rule Number	Summary Of The Findings Of Non-Compliance With The Rules (See Appendix)	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06(2)(a)10i	10539 Hwy 58- There was no documentation found of emergency lights tested for 30 seconds during the month of March 2014		((Completed) Maintenance, to repair structural damage to living room walls and closet	3-1-15
5-.02(2)	9253 Snow Hill Rd.- There was no documentation found of emergency lights being tested for 30 seconds during the months of Sept, Oct, and Dec 2014		((Completed)	
4-.03(2)(a)(1)i	There was no documentation of fire drills conducted in Sept, Oct, and Dec 2014		((Completed)	
5-.02(2)	Bathroom #3 needs base board installed by tub.		Maintenance, install base board	3-1-15
5-.02(2)	Bathroom #1 floor tile is broken.		Maintenance, repair broken floor tile bathroom #1	3-1-15
5-.05(12)	Dry food items not stored in sealed container.		PM to in-service on the proper storage of dry food goods.	3-1-15
2-.16	DIDD License not posted in public area.		PM to post DIDD license in designated area.	3-1-15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:

DATE OF REVIEW:

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE

P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.)

A = Approved.

AE = Approved With Exception.

RR = Rejected-Resubmit.

RS = Rejected-Sanction.

Reference Rule Number	Summary of the Findings	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06(2)(a)(10)	9255 Snow Hill Rd.- There was no documentation found of fire drills being conducted during the months of Sept and Oct 2014		(Completed)	
5-.02(2)	There was extensive damage to the living room walls and louver closet doors due to wheel chairs.		Maintenance, repair structural damage to walls and closet	3-1-15
5-.05(12)	Mold in Bath room #2 Dry food not in sealed containers.		PM to in-service on daily decontamination. Mold removed. PM to in-service on the proper storage of dry food goods.	3-1-15 3-1-15
4.06(2)(a)	11419 HWY 58- There was no documentation found of emergency lights tested for 30 seconds during the months of Feb, July, and Aug 2014		(Completed)	
5-.02(2)	There was extensive damage to the living room walls and louver doors due to wheel chairs.		Maintenance, repair structural damage to walls and closet.	3-1-15
5-.05(12)	Dry food items not in sealed containers.		PM to in-service on the proper storage of dry food goods.	3-1-15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
<i>Mr. A. Bell</i>	2/14/15	<i>Chloe Brown</i>	2/15/15

P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.)
 A = Approved.
 AE = Approved With Exception.
 RR = Rejected-Resubmit.
 RS = Rejected-Sanction.

Reference Rule Number	Summary Of The Findings Of Non-Compliance With The Rules Regulations	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06(2)(a)	11421 Hwy 58 - There was no documentation of emergency lights tested for 30 seconds during the months of July and Dec 2014		PM to in-service on checking the emergency lights monthly during completion of the monthly Fire Drill	3-1-15
4-.06(2)(a)(10)	There was no documentation found of fire drills conducted during the months of July and Dec 2014		PM to in-service on the timely completion of monthly Fire drill.	3-1-15
5-.02(2)	There was mold in shower area and broken floor tiles in first bath room on the night.		PM to in-service on daily decontamination. Mold removed. Maintenance, to repair broken floor tile	3-1-15
5-.02(2)	Emergency numbers not posted.		PM, to post all emergency contact numbers	3-1-15

SIGNATURE OF DIDO REVIEWER OF P.O.C.:	DATE OF REVIEW:	SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
<i>W. H. Bell</i>	2/18/15	<i>W. H. Bell</i>	2/19/15

P.O.C. Review Codes: (See Review & Approval Status Form For Explanations) A = Approved. AE = Approved With Exception. RR = Rejected-Resubmit RS = Rejected-Sanction.



**STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL
DISABILITIES**

**East Tennessee Regional Office of Licensure and Review
Greene Valley Developmental Center, Hawthorn Building**

**PO Box 910
Greeneville, Tennessee 37744-0910**

April 29, 2015

Ms. Lisa King
Open Arms Care Corporation
PO Box 929
Ooltewah, TN 37363

Dear Ms. King:

A licensure re-inspection survey of Open Arms Care Corporation- Ooltewah was conducted on April 21, 2015 in order to revisit the findings cited during your agency's unannounced licensure survey (completed January 26, 2015) that specifically pertained to the testing of emergency lights for 30 seconds at the sites of 6711 Mountain View Road and Ooltewah Ringgold Road.


This re-inspection survey revealed evidence that your Plan of Compliance for this area are in place and are being followed. Therefore, approval status given your plan is: **Approved**. This approval status is noted on your plan of compliance. A copy of your plan of compliance is enclosed.

If you have any questions, please contact me by phone at (423) 787-6553 or by email at Elaine.C.Matthews@tn.gov

Sincerely,

Elaine Matthews
Lead Licensure Coordinator
Department of Intellectual and Developmental Disabilities

Re-inspection: 4/21/15

 <p>LICENSE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF DEVELOPMENTAL DISABILITIES</p>		<p>DATE OF NOTICE: 1/30/2015</p> <p>PAGE 1 OF 1 PAGE(S)</p>	<p>NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address)</p> <p>Open Arms Care Corp. Mountain View 6711 Mountain View Rd, Suite 111 Ooltewah, TN 37363</p>
<p>NAME AND ADDRESS OF DIDD LICENSEE OFFICE SENDING NOTICE: East Tennessee office of Licensure and Review Greene Valley Developmental Center, Hawthorne Building PO Box 910 Greenville, TN 37744-0910</p>	<p>EVENT AND DATE RESULTING IN THIS NOTICE: License Survey completed: 1/26/2015</p>	<p>NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE: All Ooltewah Open Arms Sites</p>	<p>YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: 2/9/2015</p>
<p>NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the DIDD Office of Licensure listed above.</p>			

Reference Rule Number	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-03 (2)(a)	AE A	6711 Mountain view road site - There was no documentation found of emergency lights tested for 30 seconds during the months of Jan, Feb, Mar, April, May, June, July, Aug, Sept, and Dec 2014. "REPEAT FINDING"	3-1-15
4-03(2)(a)(4)	F	There was no documentation found of fire drills conducted during the months of December 2014.	(Completed)
4-03(2)(a)	AE A	Ooltewah Ringgold Road Site - There was no documentation of the emergency lights tested for 30 seconds during the months of Feb, Mar, April, May, June, July, Aug, and Sept, 2014" REPEAT FINDING"	3-1-15

<p>SIGNATURE OF DIDD REVIEWER OF P.O.C.</p> <p><i>Kim A. [Signature]</i></p>	<p>DATE OF REVIEW:</p> <p>2-18-15</p>	<p>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:</p> <p><i>Alisa [Signature]</i></p>	<p>DATE OF SIGNATURE:</p> <p>2/9/15</p>
<p>P.O.C. Review Codes (See Review & Approval Status Form For Explanations): A=Approved AE=Approved With Exception RR=Rejected-Resubmit RS=Rejected-Sanction</p>		<p>4/23/15</p>	

Affidavit

AFFIDAVIT

STATE OF GEORGIA


COUNTY OF Fulton

Robert J. Taylor, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

OPEN ARMS CARE CORPORATION

By: 
Name: Robert J. Taylor, IV
Title: President

Sworn to and subscribed before me, a Notary Public, this the 10 day of November, 2015, witness my hand at office in the County of Fulton, State of Georgia.


NOTARY PUBLIC

My commission expires July 30, 2017.



Supplemental #1 -Copy-

Open Arms Corporation
d/b/a Greenville #3 East
Church Street East
CN1511-052

November 20, 2015**3:30 pm****State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9th Floor, 502 Deaderick Street,
Nashville, TN 37243**www.tn.gov/hsda** Phone: 615-741-2364/Fax:615/532-9940

November 20, 2015

Michael D. Brent

Attorney

Bradley Arant Boult Cummings, LLP

1600 Division Street, Suite 700

Nashville, Tennessee 37203

RE: Certificate of Need Application CN1511-052
Open Arms Corporation d/b/a Greeneville # 3 East Church Street (East)

Dear Mr. Brent:

This will acknowledge our November 10, 2015 receipt of your application for a Certificate of Need for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed site on East Church Street, Greeneville (Greene County) Tennessee 37743.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Monday, November 23, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 4

On page 11 in the **Response to Section A, Item 4**, the last sentence the statement is made that "The laws of some states allow a simpler process whereby a non-profit corporation can change its domicile from one state to another....."

Did you mean to say non-nonprofit or nonprofit?

Response: Please see replacement page 11, R-11, in **Supplemental Attachment - Replacement Pages.**

Please resubmit the list of Open Arms facilities in Tennessee identifying each facility's license type and the number of beds licensed for each facility.

Response: Please see Supplemental Attachment - Revised Attachment A.4 for a revised list.

2. Section A, Applicant Profile, Item 5

The name of the management entity and copy of draft agreement is noted. Please document Integra Resources, LLC registration with the Tennessee Secretary of State's Office.

Response: Please see Supplemental Attachment - Integra Resources, LLC Articles of Organization.

Will the manager also manage the "west" 4-person residential home adjacent to this facility on the 2.74 acre site? If so, please briefly describe the benefits of same such as shared staffing, economies of scale, etc.

Response: Yes. Pairing ICF/IID homes is a fairly standard practice utilized by both public and private ICF/IIDs in the state. Benefits of the Applicant's facilities sharing a management company range from the Applicant's ability to obtain better rates on lawn care to increased efficiency due to the Applicant's ability to conduct joint internal visits and audits for both facilities, as opposed to having to make arrangements for two different locations.

Do Open Arms and Integra currently contract for the management of the Open Arms facilities in Tennessee identified in attachment A.4? Please clarify by providing some additional background information about the relationship between the parties.

Response: Integra currently manages, and has managed since April, 2015, all of the Open Arms facilities identified in Attachment A.4. As noted below, the only relationship between Open Arms and Integra is contractual.

Information for Attachment A.5.2 was omitted from the application (Integra Principals). Please submit same. Do Jeff Mastreolo, Joseph Torrence, Richard Brown, and/or George Stevens have an ownership interest in Open Arms Corporation?

Response: Open Arms is a nonprofit corporation with no owners or members, and is governed by a 5 person board of directors consisting of Robert Taylor (Chair), Douglas B. Kline, Jane Buffaloe, Mary Ellis Richardson, and Sandy Wybel. Therefore, neither Jeff Mastreolo, Joseph Torrence, Richard Brown, or George Stevens, nor their company, Integra Resources, LLC ("Integra") have ownership interests in, or governance positions regarding, Open Arms. As noted above, there is

an existing contractual relationship between Open Arms and Integra, as Integra manages all of the Open Arms facilities identified in attachment A.4. Please see Supplemental Attachment – Replacement Attachment A.5.2 for information regarding the Integra owners.

It appears that an amount for the management fee (monthly and/or annual fee) and the term of the proposed contract are missing from the copy of the draft management contract in Attachment A.5.1. Please clarify.

Response: Please see Supplemental Attachment - Replacement Attachment A.5.1 for a revised copy of the draft management contract, which includes the management fee and term of the proposed contract.

3. Section A, Applicant Profile, Item 6

Your response to this item is noted. Based on the documentation provided in Attachment A.6, the applicant's ultimate lease interest in the site is unclear. Please provide the following documentation:

Acquisition of Land and Development of House by FDG (Phase 2 in diagram)

- Copy of the title or warranty deed to the land, with description, for the site of the proposed project from the current owner
- A fully executed purchase agreement or option to purchase agreement between FDG and the current owner of the land at the site for the proposed project. *Please note that if an option to purchase agreement applies to the project, the agreement must be in effect on the expected date of the hearing of the application by the HSDA Board members.*
- Copies of Exhibits A and B omitted from the Development Agreement document in Attachment A.6 of the application.

Response: Please see Supplemental Attachment - Phase 2 Documentation: Deed and Purchase Agreement for copies of the deed of the current owner and the signed purchase contract between the current owner and FDG. Please also see Supplemental Attachment – Replacement Attachment A.6 for a fully executed copy of the Development Agreement, including Exhibits A and B, and a fully executed copy of the Option to Lease (both previously attached as Attachment A.6). Pursuant to these documents, including Section 2 of the Development Agreement, FDG is contractually obligated to acquire the land, develop and construct the building on the land, and then transfer the completed facility to WCO AL DP ("WCO") as a "turn-key" completed facility. WCO will then lease the completed facility to Open Arms pursuant to the lease agreement referenced in the Option to Lease.

Turnkey Transaction (Phase III in diagram)

- A fully executed purchase agreement or option to purchase agreement between FDG and WCO AL DP.

Please note that if an option to purchase agreement applies to the project, the agreement must be in effect on the expected date of the hearing of the application by the HSDA Board members.

Response: In lieu of a purchase agreement or option to purchase, please see Supplemental Attachment – Replacement Attachment A.6 for a fully executed copy of the Development Agreement (previously attached as Attachment A.6), including Exhibits A and B. Pursuant to Section 2 of the Development Agreement, FDG is contractually obligated to acquire the land, develop and construct the building on the land, and then transfer the completed facility to WCO as a “turn-key” completed facility.

Final Ownership of Assets and Operations (Phase IV in diagram)

- Documentation that Woodbine Community Organization (WCO) has the funds to purchase the land and building from FDG for the proposed project.
- A fully executed lease agreement or option to lease agreement between WCO and Open Arms Care Corporation (OACC) that includes the expected monthly lease expense and the expected term of the lease. *Please note that if an option to lease agreement applies to the project, the agreement must be in effect on the date of the hearing of the application by the HSDA Board members.*

Response: Please see Supplemental Attachment – Replacement Attachment C. Economic Feasibility - 2 for the revised letter from Servis 1st Bank. Servis 1st Bank will provide a construction loan to FDG for development and construction of the facility, which funding will then convert to a permanent loan, which FDG (through an affiliate) will loan to WCO. The permanent loan financing to WCO will be sufficient for WCO to purchase the completed facility from FDG. Please see Supplemental Attachment – Replacement Attachment A.6 for a fully executed copy of the Option to Lease, which includes the expected monthly lease expense and the expected term of the lease.

4. Section A. (Applicant Profile) Item 13

Are Amerigroup, TennCare Select, and BlueSelect the only TennCare MCOs in the applicant’s proposed service area? If yes, please confirm. If no, please identify the other TennCare MCOs available in the service area and explain why the applicant does not intend to establish a contractual relationship with these MCOs.

Response: Amerigroup, TennCare Select, BlueSelect, and UnitedHealthcare Community Plan are the only TennCare MCOs in the Applicant’s proposed service area. There are no provider agreements in ICF/IID programs, as providers contract directly with TennCare, which reimburses them directly. Individual residents, however, will receive medical coverage for other services through TennCare MCOs due to contractual relationships between each resident and their respective TennCare MCO.

Prior to opening, when is the earliest the applicant can formally apply to the TennCare MCOs and the estimated amount of time it will take to establish a contractual arrangement for the care of the future residents? Has the length of time been taken into account in the development schedule? Please discuss.

Response: As noted above, the Applicant will not contract with TennCare MCOs, but with TennCare itself, as the ICF/IID program is a "carve-out" from the managed care program. For the past several months, TennCare, DIDD, and various providers (including the Applicant) who are seeking Certificates of Need for facilities for individuals who will be leaving Greene Valley Development Center (GVDC) when it closes have held periodic meetings to address the issues surrounding the construction of new facilities and the licensure and certification of those facilities. While the Applicant understands TennCare will not formally review an application until DIDD licenses the completed facility, following satisfactory completion of inspection of the facility, the applicant has received assurances from representatives of both TennCare and DIDD that the agencies will work together to assist the Applicant in obtaining inspection, licensure, and certification on a timely basis. The anticipated length of time for the inspection, licensure, and certification process has been taken into account when preparing the development schedule.

5. Section B, Project Description, Item I.

What State of Tennessee agency is responsible for the Home and Community-Based Services (HCBS) Waiver programs?

What State agency is contracted to operate the HCBS waiver programs?

Response: TennCare, specifically its Division of Long-Term Services & Supports, is responsible for the Home and Community-Based Services ("HCBS") Waiver programs. TennCare contracted the Department of Intellectual and Developmental Disabilities to operate the HCBS Waiver programs.

Please provide an overview of the role of the Bureau of TennCare, TennCare Contracted Managed Care Companies, and the Department of Intellectual and Developmental Disabilities in the administration of HCBS waiver programs and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs).

Response: TennCare's Division of Long-Term Services & Supports is responsible for the HCBS Waiver programs. TennCare contracted DIDD to oversee and operate the HCBS Waiver programs. DIDD surveys and inspects ICF/IID providers to ensure compliance with DIDD licensure requirements and quality measures and administers the licensure of providers, among other duties. With the exception of coordinating the TennCare benefits of ICF/IID residents HCBS waiver recipients, TennCare MCOs are not involved in the administration of HCBS waiver programs

and ICF/IIDs. Instead, TennCare contracts directly with the providers and reimburses them for their services.

What is the difference between a long-term care services provide through an intermediate care facility for individuals with intellectual disabilities (ICF/IID) and a services through a home and community-based settings?

Response: Long-term care services provided through ICF/IIDs are comprehensive, consisting of one provider furnishing or arranging for the provision of housing and services such as nursing, clinical therapy, and dietetic and behavioral services. Although HCBS waiver services are not provided in the same type of setting, recipients receive the same services as ICF/IID residents. HCBS Waiver recipients also have more flexibility, as they can receive services from different providers and may choose to do so in different settings, such as a home with other waiver recipients or a family member or conservator's home.

Please discuss in detail the activities of a typical day for a resident of an ICF/IID home.

Response: a typical day for a resident of an ICF/IID home begins with personal hygiene activities and breakfast, followed by programming such as habilitation and active treatment (physical therapy, vocational therapy, socialization, etc.), sometimes at a day center if prescribed in the resident's ISP. A resident's acuity level determines whether or not required physical therapy or occupational therapy takes place in the facility or in a different location.

The applicant has stated that the Greene Valley Development Center (GVDC) is scheduled to close on June 30, 2016. In the Project Completion Forecast Chart the applicant has indicated that the home will be ready to initiate services in November 2016. If GVDC closes on June 30, 2016, where will the four individuals expected to transfer to this home reside in the interim? Will the interim arrangements cover any unforeseen delays in permitting and opening of the facility or are the arrangements time sensitive? Please clarify.

Response: As noted in the Application, pursuant to the Exit Plan and Approved Order, the June 30, 2016, closing date can be extended to as late as June 30, 2017. During various meetings with representatives of DIDD, the Applicant has been informed that the November 2016 anticipated date is acceptable pursuant to the extension provisions of the Order.

6. Section B. (Plot Plan)

Your response is noted. What is the size of the plot (in acres)? Please label the location of the structure subject to this application on the site.

Response: The site is 1.37 acres and is presently zoned "R-1A" for low-density residential use. Please note that TCA §13-24-102 provides that, for the purposes of all zoning laws in Tennessee, a "single-family residence" includes any home in which eight or fewer unrelated persons with disabilities reside. Therefore, the facility's proposed location does not need to be rezoned.

The plot plan has structures labeled as "1" and "2" that are connected to each other by what appears to be a driveway. Will this be paved or concreted to permit wheelchair access? Please clarify.

Additionally, it appears that the main access from East Church is on the property identified as Structure 2. Is an easement required for Structure 1 to have access to the East Church street entrance from Structure 2's property? Please clarify.

Response: All sidewalks and driveways will be a hard, paved surface that will permit wheelchair access. An easement will not be required for access to East Church Street, as the both properties will have the same owner.

Tennessee Code Annotated 33-2-418 (a) indicates that "The department shall not license more than two (2) such residential facilities within five hundred yards (500 yds.) in any direction from other such facilities housing persons served. All set-back requirements applicable to lots where such facilities are located shall apply to such residential facilities."

Please document that the proposed project meets this requirement.

Response: The proposed project meets the distance requirement. The nearest licensed ICF/IID is 0.8 mile away. Please also see Supplemental Attachment – Service Area ICF/IID Facilities for a table showing the distance from the proposed location to other Greene County ICF/IIDs.

7. Section B. (Floor Plan)

The floor plan identifies a living/sitting area and a pantry; however it does not specify a kitchen or dining area. Please submit a revised floor plan that identifies these areas.

Response: The living/sitting room of the facility will also serve as a dining space. Please see Supplemental Attachment - Revised Floor Plan for a floor plan denoting the location of the kitchen.

Where will a resident receive services identified in the project description such as physical, occupational, and behavioral therapies?

Response: A resident's acuity level determines whether or not required physical therapy or occupational therapy will take place in the facility or in a different

location, such as a local physical therapy clinic. If a local physical therapy clinic is a better choice for a particular resident, the applicant will transport such resident to therapy sessions at such clinic.

**8. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities)
Need A.1**

It is noted the applicant states the project does not involve the development of new ICF/IID beds. However, the 4 beds proposed to this application is subject to the 160 bed pool per year per T.C.A. §71-5-105 (b) for new ICF/IID beds. There are currently 84 ICF/IID beds remaining in the pool. Please acknowledge the applicant understands the impact the project has on the bed pool.

Response: As a private ICF/IID service provider, approval of the Applicant's application will be subject to the availability of beds from the 160 bed pool, 84 of which remain available.

**9. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities)
Need A.4, Section C. Economic Feasibility 7 and 9.**

On pages 24 and 33 it is noted 100% revenue will come from TennCare. However, on page 32 it is noted approximately 96% of the revenue will come from TennCare and 4% from SSI benefits. Please clarify.

Response: Please see Supplemental Attachment - Replacement Pages for R-24 and R-33 replacement pages.

10. Section C. (Need) Item 1 (Specific Criteria- ICF/IID Facilities)

The Tennessee Code Annotated Title 33; Title 68, Chapter 11 and Section 71-5-105(b)(2) states "Only providers that have been providing services to persons with developmental disabilities under contract with the state for at least five (5) years shall be eligible to apply for these new beds." Please describe the services and the number of years which the applicant has provided each service through contract(s) with the state of Tennessee to persons with developmental disabilities.

Response: In 1988 founding board members of Open Arms identified the need to build community facilities for individuals who were moving out of large, state-run institutions for individuals with intellectual and developmental disabilities in the state of Tennessee. Certificate of Need applications were submitted and approved and Open Arms Care (then known as Rebound Care Corporation) began offering services once it was approved for 256 beds across the state of Tennessee. (Source: <http://openarmscare.org/our-history>.)

11. Section C (Need) Relationship to Existing Similar Services in the Area

(Specific Criteria- ICF/IID Facilities, Item D.1)

The applicant has indicated that there are 9 Comcare and 16 East Tennessee ICF/IID homes in Greene County. According to the DIDD website there are only 5 Comcare ICF/IID homes in Greene County. Please explain the discrepancy.

Response: The ICF/IID utilization chart for Greene County provided to the Applicant by Terry Jordan-Henley of DIDD via a November 4, 2015 email and referenced in the memo of the same date provided as Attachment B.2 in the application listed 9 Comcare and 16 East Tennessee ICF/IID homes in Greene County. Please see R-24 and R-25 in Supplemental Attachment - Replacement Pages for revised pages reflecting five Greene County Comcare, Inc. ICF/IIDs.

The separate grid showing ICF/IID utilization noted in Terry Jordan-Henley's memo was not included. Please provide a copy of this grid.

Response: The grid noted in Terry Jordan-Henley's memo was sent to the Applicant electronically and then used by the Applicant to generate the "ICF/IID Utilization, Greene County" chart on page 24 and 25 of the original application, noting the November 4, 2015 Terry Jordan-Henley memo as its source.

12. Section C, Need, Item 3.

The proposed service area county level map is noted. However, please provide distinctive highlighting/markings to readily differentiate the service area counties from the other non-service area counties.

Response: Please see Supplemental Attachment – Revised Service Area Map for a map with more distinctive highlighting.

13. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)

Please provide a revised letter from the architect that addresses all the following:

A) Please provide documentation from a licensed architect or construction professional:

- 1) a general description of the project,
- 2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
- 3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications, ADA, and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities

Please note that the facility costs provided in the Project Cost Chart must be consistent with the lease expenses identified in the fully executed option to lease or lease agreement provided.

Please clarify if an emergency generator is included in the Project Costs Chart.

Response: The cost of an emergency generator is included in the Project Costs Chart. Please also see Supplemental Attachment – Replacement Attachment C. Economic Feasibility – 1 for a revised letter from the architect.

Please clarify the reason there is difference between the amounts provided for a Contingency Fund Expense of \$24,424 on the Projects Costs Chart and a \$56,000 contingency fund itemized in the lease expense on page 30.

Response: There are two separate contingency funds noted in the application. As the total rent expense over the term of the lease is higher than the costs of land purchase, development, construction, etc. (as specified on page 30), that amount is used in the Project Costs Chart, but the Applicant also believes it is appropriate to include a small Contingency Fund (\$24,424) in the Projects Costs Chart for unanticipated expenses. The total costs of development specified on page 30 (land purchase, development, construction, etc.) are estimates, which may vary due to subsurface conditions not yet known or other reasons, and the Applicant believes it is appropriate to include a \$54,000 contingency fund related to the items estimated on page 30.

The applicant incorrectly references equipment in parenthesis in Section a, line h of the Project Costs Chart as "equipment over \$56,000". However, please revise the \$56,000 threshold to \$50,000 as indicated in the HSDA issued application.

The applicant has listed capitalized interest in line C.d. but listed no amount. Please clarify.

Please revise the Project Cost Chart to reflect the lettering and numbering of items as directed in the HSDA application and resubmit (A.1, B.1. C.1. etc.). Please resubmit a replacement page for the application labeled 29-R.

Response: Please see Supplemental Attachment - Revised Project Cost Chart for a revised chart reflecting the corrected equipment threshold, removing the capitalized interest reference (which was listed in error), and correcting the lettering and numbering of the items.

14. Section C. (Economic Feasibility) Item 2 (Funding)

The letter from Servis 1st Bank is noted; however it does not include expected interest rates and does not specifically identify restrictions and conditions. Please provide a revised letter from the bank that addresses these items.

Additionally several items noted in Question 3 still need to be addressed and are listed below for reference purposes.

- A fully executed purchase agreement or option to purchase agreement between FDG and the owner of the land at the site for the proposed project. If an option to purchase agreement, it must be in effect until at least the expected date that the CON application will be heard by HSDA.
- Documentation that Woodbine Community Organization (WCO) has the funds to purchase the land and building for the proposed project.
- A fully executed lease agreement or option to lease agreement between WCO and Open Arms Care Corporation (OACC) that includes the expected monthly lease expense and the expected term of the lease. If an option to lease agreement, it must be in effect until at least the expected date that the CON application will be heard by HSDA.

Response: Please see Supplemental Attachment – Replacement Attachment C. Economic Feasibility - 2 for revised letter from Servis 1st Bank addressing the funding of the project. Additional documentation requests were addressed in the preceding questions (see Supplemental Attachment - Phase 2 Documentation: Deed and Purchase Agreement for copies of the deed of the current owner and the signed purchase contract between the current owner and FDG and Supplemental Attachment – Replacement Attachment A.6 for a fully executed copy of the Development Agreement, including Exhibits A and B, and a fully executed copy of the Option to Lease (both previously attached as Attachment A.6)).

15. Section C. (Economic Feasibility) Item 3

Please compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The cost per square foot of construction for the Applicant's proposed facility is \$231.25, compared with a range of \$92 to \$140 per square foot in 4-bed ICF/IID facilities constructed in 2008. The Applicant's total cost per square foot reflects both the increase in costs of construction labor and materials and changes in design and amenities of such facilities over the past seven years, and the Applicant believes the amount to be reasonable in the present market. Please see Supplemental Attachment – Attachment C. Economic Feasibility – 3 for a chart of the cost per square foot of construction of this project and similar projects previously approved by the Health Services and Development Agency.

16. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

Where are the 4 resident's dietary meals accounted for in the Projected Data Chart?

Response: Residents' dietary meals are accounted for in the Projected Data Chart's "Other Expenses" line item at D.9 and are included in the "Programming Expenses" category if one refers to the itemization of that line item.

The Projected Data Chart shows no Provision for Charity Care, Bad Debt, or Contractual Allowances. Please explain.

Response: No bad debt is expected, as the Applicant will be reimbursed by TennCare for 96% of its expenses, with the remaining 4% anticipated to come from residents' SSI income as stated in the application. Similarly, as this project is for residents transitioning from GVDC and known to be TennCare recipients, the Applicant does not anticipate providing any charity care.

Please explain why there are no Supplies expenses.

Response: Similar to the dietary expenses for the residents, the supplies expenses are included in D.9 of the Projected Data Chart and are in the "Programming Expenses" itemization category.

Please explain why there is no net operating income in either Year 1 or Year 2 and that break-even basis was utilized. Shouldn't there be plans for some net operating income to reinvest for the upkeep of the home?

Response: The Applicant's reimbursement from TennCare will be based on its expenses such that its funding will be equal to its expenses. Therefore, there will be no surplus revenue. Further, the Applicant's lease payments are structured to allow the Landlord to fulfill its responsibility to maintain the building, so the Applicant will not be responsible for repairs and upkeep of the facility beyond the usual tenant duties such as lawn care and cleaning.

There appears to be a typo in the NET OPERATING REVENUE line for Year 1.

Please make the necessary corrections and submit a revised Projected Data Chart.

Response: Please see Supplemental Attachment-Revised Projected Data Chart.

17. Section C. (Economic Feasibility) Item 5

Is the \$793.04 gross charge a per patient charge or a per patient day charge?

Response: The \$793.04 is a per patient day charge. Please see R-32 in Supplemental Attachment - Replacement Pages for a revised page 32.

18. Section C. (Economic Feasibility) Item 6.B

Please explain how the economics of the operations of the new four bed home will be considerably different from the operations of existing homes.

Response: The existing homes are larger, with 8 beds instead of 4, so some “economies of scale” are not as large for a home with 4 beds/residents as with a home with 8 beds/residents. This applies to a variety of items ranging from expenses for supplies to staffing ratios. Additionally, the applicant believes there may be higher acuity levels for some residents in some of the 4 bed homes, as compared to 8 bed homes, which will also impact costs of operations.

19. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)

What are the prevailing wages for a resident manager, qualified MR professional, physical therapist, occupational therapist, and speech therapist and what is the expected salary that the applicant expects to pay for these positions?

Response: The Applicant plans to engage independent contractors for physical, occupational, and speech therapy according to the needs of each individual resident. Please see R-35 in Supplemental Attachment - Replacement Pages for updated staffing salary information.

Please explain what types of positions are included in the category of “Direct Support Staff”.

Response: The minimum staff to resident ratio required by DIDD for ICF/IID services is 1 staff to 4 residents for individuals suffering moderately from intellectual disabilities, or 1 staff to 3.2 residents if the resident population has severe intellectual and/or physical disabilities. The positions included in the “Direct Support Staff” category represents the facility’s Direct Support Professionals.

20. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Response: Please see Supplemental Attachment - Proof of Publication.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application

November 20, 2015

3:30 pm

shall be deemed void.” For this application, the sixtieth (60th) day after written Notification is January 15, 2016. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mr. Michael Brent
November 20, 2015
Page 15

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SUPPLEMENTAL #1

November 20, 2015

3:30 pm

Phillip M. Earhart
HSD

Enclosure

Certificate of Need Application CN1511-050
Open Arms Corporation d/b/a Greeneville #3 E. Church Street (East)

List of Attachments, Supplemental Response #1

Supplemental Attachment – Replacement Pages

R-11

R-24

R-25

R-32

R-33

R-35

Supplemental Attachment – Revised Attachment A.4

Supplemental Attachment – Integra Resources, LLC Articles of Organization

Supplemental Attachment – Replacement Attachment A.5.1

Supplemental Attachment – Replacement Attachment A.5.2

Supplemental Attachment – Phase 2 Documentation: Deed and Purchase
Agreement

Supplemental Attachment – Replacement Attachment A.6

Supplemental Attachment – Revised Floor Plan

Supplemental Attachment – Replacement Attachment B.III.A

Supplemental Attachment – Replacement Attachment C. Economic Feasibility – 1

Supplemental Attachment – Replacement Attachment C. Economic Feasibility – 2

Supplemental Attachment – Replacement Attachment C. Economic Feasibility – 3

Supplemental Attachment – Revised Service Area Map

Supplemental Attachment – Service Area ICF/IID Facilities

Supplemental Attachment – Revised Project Cost Chart

Supplemental Attachment – Revised Project Data Chart

Supplemental Attachment – Proof of Publication

SUPPLEMENTAL #1**November 20, 2015****3:30 pm**

November 17, 2015

Freddie Vanderveer
Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

Re: New Homes

Dear Freddie:

It is my pleasure to submit this letter outlining the new 4- bed homes to be constructed in the State of Tennessee. The homes will be new construction 2,800 square foot, 4-bed ICF/IID facilities. We have worked diligently to accommodate the needs of the future residents, and have taken into account their special requirements in designing the homes

My initial estimate is that construction of each home will cost in the range of \$595,000 - \$750,000, which includes an allowance of \$25,000 for landscaping and irrigation. This estimate represents what it will cost to construct the project, and to provide a physical environment, according to the applicable federal, state, and local construction codes, standards, specifications, and requirements. The physical environment will conform to applicable federal standards, manufacturer's specifications, Americans with Disabilities Act (ADA), and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities. Civil design will be incorporated on a per site basis as the lots become available. The commercial grade materials on the interior and exterior are subject to change on a per lot basis.

Sincerely,



Dave Johnston AIA
Principal



AUSTIN
HOUSTON
NASHVILLE

211 Union
Nashville Tennessee 37201
615 248 4400 V
615 248 4401 F

Supplemental Attachment – Replacement Attachment C. Economic Feasibility – 3

November 20, 2015**3:30 pm**

**Greeneville #3 East Church Street (East) Facility and Other Recently Approved
ICF/IIDs
Cost Per Square Foot of Construction**

Facility	Address	Year	Project No.	Cost per Sq.Ft.
Applicant's Facility	East Church Street Greeneville, TN 37743	2015	CN1511-050	\$231.25
Bradley/Cleveland Services	764 Old Chattanooga Pike, SW Cleveland, TN 37311	2008	CN0809-064	\$140
RHA/Trenton MR, Inc.	Site B, 1132 High Street Trenton, TN 38382	2008	CN0811-110	\$127
Comcare, Inc.	32 Whirlwind Road Greeneville, TN 37743	2008	CN0812-117	\$92

Supplemental Attachment – Service Area ICF/IID Facilities

November 20, 2015**3:30 pm**

**Distances Between Greeneville #3 East Church Street (East)
and Other Greene County ICF/IID Facilities**

Facility Name	ICF/IID Facility Address	Miles
Redbud	803 Redbud Drive, Greeneville, TN 37743	0.8
Buckingham #2	2497 Buckingham Road, Greeneville, TN 37743	1.1
Buckingham #3	2499 Buckingham Road, Greeneville, TN 37743	1.1
Wexler Manor	32 Whirlwind Road, Greeneville, TN 37743	2.2
Whirlwind	120 Whirlwind Road, Greeneville, TN 37743	2.4
Dyer Street	102 Dyer Street, Greeneville, TN 37745	3.6
Tusculum	479 Erwin Highway, Greeneville, TN 37745	3.8
Marshall	118 Marshall Lane, Greeneville, TN 37743	3.9
Asheville Highway #1	2156 Asheville Highway, Greeneville, TN 37643	4.7
Amity	633 Amity Road, Greeneville, TN 37643	4.9
Asheville Highway #2	2324 Asheville Highway, Greeneville, TN 37643	5.1
Burkey	8 Burkey Road, Greeneville, TN 37743	5.3
Meadowbrook	855 Meadowbrook Road, Afton, TN 37616	7.0
Stone Dam #3	590 Stone Dam Road, Chuckey, TN 37641	7.3
Stone Dam #2	744 Stone Dam Road, Chuckey, TN 37641	7.7
Rambo	645 Rambo Road, Greeneville, TN 37743	8.4
Chuckey Pike	3960 Chuckey Pike, Chuckey, TN 37641	9.4
Susong #1	2105 Susong Road, Greeneville, TN 37643	9.5
Susong #2	2107 Susong Road, Greeneville, TN 37643	9.5
Horse Creek	143 Delzie Randolph Road, Chuckey, TN 37641	9.8
Buckingham #1	2495 Buckingham Road, Greeneville, TN 37743	1.1

Supplemental Attachment – Proof of Publication

B-6 THE GREENVILLE SUN GREENVILLE, TENNESSEE

www.greenevillesun.com

The Greenville Sun Classifieds

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SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on November 20, 2015 at 1:30PM local time, at the front door, Greene County Courthouse, 101 S. Main Street, Greenville, Tennessee, pursuant to Deed of Trust executed by Edward A. Nehring III and Kathleen M. Nehring, to Resource Real Estate Services, LLC, Trustee, on October 18, 2006 at Book 416A, Page 517, Instrument No. 06012973; all of record in the Greene County Register's Office.

Party entitled to enforce security interest: CIT Bank, N.A., its successors and assigns.

The following real estate located in Greene County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:

A CERTAIN TRACT OR PARCEL OF LAND IN GREENE COUNTY, TENNESSEE, DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING ON A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD, CORNER TO PROPERTY OF C. L. HIXSON; THENCE LEAVING BROWN SPRINGS ROAD, AND WITH THE HIXSON LINE, NORTH 45 DEG. 41 MIN. 59 SEC. WEST, 116.69 FEET TO AN IRON PIN SET; THENCE NORTH 09 DEG. 12 MIN. 50 SEC. EAST, 137.81 FEET TO AN IRON PIN SET IN THE LINE OF DANE HARTMAN; THENCE WITH THE HARTMAN LINE, SOUTH 47 DEG. 19 MIN. 03 SEC. EAST, 116.48 FEET TO A FENCE POST IN THE NORTHWESTERLY RIGHT OF WAY LINE OF BROWN SPRINGS ROAD; THENCE WITH SAID RIGHT OF WAY LINE, IN A GENERALLY SOUTHWESTERLY DIRECTION, APPROXIMATELY 137 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, ACCORDING TO SURVEY OF HYDER LAND SURVEYING, JUNE 5, 1996.

THE IMPROVEMENTS THEREON BEING COMMONLY KNOWN AS 1915 BROWN SPRING ROAD, GREENVILLE, TENNESSEE 37743.

BEING THE SAME LOT OR PARCEL OF GROUND WHICH BY DEED DATED JANUARY 18, 2000 NO RECORDED AMONG THE LAND RECORDS OF GREENE COUNTY IN BOOK 169A PAGE 550, WAS GRANTED AND CONVEYED BY EDWARD A. NEHRING, KATHLEEN M. NEHRING, AND EDWARD A. NEHRING, JR., UNTO EDWARD A. NEHRING, III AND KATHLEEN M. NEHRING, TRUSTEES, OR THEIR SUCCESSORS IN TRUST, UNDER THE EDWARD A. NEHRING III AND KATHLEEN M. NEHRING REVOCABLE LIVING TRUST.

Parcel Number: 072 018.02

Current Owner(s) of Property: Edward A. Nehring III or Kathleen M. Nehring, Trustee(s) of the Edward A. Nehring III and Kathleen M. Nehring Revocable Living Trust

Other interested parties: Secretary of Housing and Urban Development
Street Address: 1915 Brown Springs Rd, Greenville, Tennessee 37743

Any property address provided is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO TENANT(S) RIGHTS IN POSSESSION.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.

If you purchase a property at the foreclosure sale, the entire purchase price is due and payable at the conclusion of the auction in the form of a certified/bank check made payable to or endorsed to Shapiro & Ingle, LLP. No personal checks will be accepted. To this end, you must bring sufficient funds to outfit the lender and any other bidders. Insufficient funds will not be accepted.

Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure deed is delivered.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.

Shapiro & Ingle, LLP, a Tennessee limited liability partnership Substitute Trustee
10130 Perimeter Parkway, Suite 400
Charlotte, NC 28216
Phone: (704) 333-8107
Fax: (704) 333-8156
www.shapiro-ingle.com
File No. 15-103135

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated March 22, 2002, and the Deed of Trust of even date securing the same, recorded April 1, 2002, in Book No.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 2.72 acres, which lot is located on the east side of Chuckey Pike, Greenville (Greene County), Tennessee 37641, which is located approximately 0.05 mile north of the intersection of Chuckey Pike and Earnest Road, and also described as Parcel 089 069.00 in the records of the Greene County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is \$1,370,000.00.

The anticipated filing date of the application is on or before November 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babco.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 8th Floor
502 Deaderick Street
Nashville, Tennessee 37243

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency. 11/6/15

NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated December 20, 2011, and the Deed of Trust of even date securing the same, recorded December 21, 2011, in Book No. 505A, at Page 658, in Office of the Register of Deeds for Greene County, Tennessee, executed by Shasta W. Stewart and Benjamin J. Stewart, conveying certain property therein described to Reliable Title & Escrow LLC as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for CrossCountry Mortgage Inc., its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by Wells Fargo Bank, N.A.

NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by Wells Fargo Bank, N.A., will, on December 22, 2015 at or about 11:00 AM, central standard time, at the Greene County Courthouse, 101 South Main Street, Greenville, Tennessee, offer for sale certain property herein described to the highest bidder FOR certified funds paid at the conclusion of the sale, or credit bid from a bank or other lending entity pre-approved by the successor trustee. The sale is free from all encumbrances, which are expressly waived in the Deed of Trust, said property being real estate situated in Greene County, Tennessee, and being more particularly described as follows:

Situate in the 2nd Civil District of Greene County, Tennessee, and described as follows: Being Tract No. 3 of the property of Roy Dean Parfitt and Betty Parfitt as shown on plat of record in Plat Cabinet A, Slide 174, Register's Office for Greene County, Tennessee.

ALSO KNOWN AS: 635 Ray Branch Road, Greenville, TN 37743

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 2.72 acres, which lot is located on the east side of Chuckey Pike, Greenville (Greene County), Tennessee 37641, which is located approximately 0.05 mile north of the intersection of Chuckey Pike and Earnest Road, and also described as Parcel 089 069.00 in the records of the Greene County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is \$1,370,000.00.

The anticipated filing date of the application is on or before November 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babco.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 8th Floor
502 Deaderick Street
Nashville, Tennessee 37243

(A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency. 11/6/15

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 1.37 acres, which lot is the west half of the parcel of approximately 2.74 acres located on the south side of East Church Street, Greenville (Greene County), Tennessee 37743, which is located approximately 0.05 mile east of the intersection of East Church Street and Edgewood Drive, and also described as a portion of Parcel 059 050.04 in the records of the Greene County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is \$1,370,000.00.

The anticipated filing date of the application is on or before November 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babco.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

November 20, 2015**3:30 pm****AFFIDAVIT**

STATE OF GEORGIA

COUNTY OF FULTON

Robert J. Taylor, being first duly sworn, says that I am the applicant named in this Certificate of Need application, or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

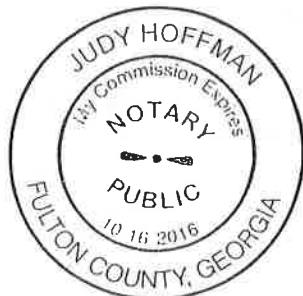
OPEN ARMS CARE CORPORATION

By: [Signature]
Name: Robert J. Taylor, IV
Title: President

Sworn to and subscribed before me, a Notary Public, this the 18 day of November, 2015, witness my hand at office in the County of FULTON, State of Georgia.

[Signature]
NOTARY PUBLIC

My commission expires 10-16-16, _____.



Supplemental #2 -COPY-

OPEN ARMS
CORPORATION

CN1511-052

November 25, 2015**12:47 pm****State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9th Floor, 502 Deaderick Street,
Nashville, TN 37243**www.tn.gov/hsda** Phone: 615-741-2364/Fax:615/532-9940

November 25, 2015

Michael D. Brent
Attorney
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, Tennessee 37203

RE: Certificate of Need Application CN1511-052
Open Arms Corporation d/b/a Greeneville # 3 East Church Street (East)

Dear Mr. Brent:

This will acknowledge our November 20, 2015 receipt of your supplemental responses for a Certificate of Need for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located on an unaddressed site on East Church Street, Greeneville (Greene County) Tennessee 37743.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Monday, November 30, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 6

Your response to this item is noted.

- Please identify the section in the development agreement where it is stated that after converting to a permanent loan, FDG is willing to assign the commercial loan to WCO and WCO is willing to assume the loan. What will be the expected interest rate and terms of that loan agreement? Will it be the same terms as presented in the letter by Servis 1st Bank? If these items are not specifically noted in the development agreement, please either submit a revised development agreement with these items included or a letter fully executed by both parties addressing these items.

- Please provide a revised letter or addendum from Servis 1st Bank that documents willingness/acceptance of FDG assigning the loan to WCO.
- The Phase I-IV chart indicates that the transaction between FDG and WCO is selling the land and house; however isn't the transaction the assignation of the loan? Please review the chart and make any necessary corrections.

Response: Please see Supplemental Attachment – Supplemental Letter from Servis 1st Bank for Servis 1st Bank's acknowledgment of the loan assignment to WCO and Supplemental Attachment – Supplemental Letter from FDG for a letter from FDG confirming the assignment of the loan to WCO and WCO's acceptance of the assignment. Please also see Supplemental Attachment – Replacement Phase I-IV Chart.

2. Section B, Project Description, Item I.

The typical day of the resident of an ICF/IID is noted. Please indicate the nearest day treatment program in relation to the proposed project location. Please indicate the daily program hours of the day treatment program and if it is included in the per diem charge for ICF/DD services.

Response: While the applicant believes all necessary community enrichment and/or day treatment services can be provided by the applicant, in the event an alternative day treatment center is needed, the nearest one in Greene County is AKM of Tennessee, Inc. at 905 Tusculum Boulevard, Greeneville, TN 37745, located 1.5 miles away from the proposed project location. AKM of Tennessee, Inc. has program hours on Monday through Thursday from 8:00 a.m. – 4:00 p.m., and program hours on Friday from 8:00 a.m. – 12:00 p.m. Among other factors, a resident's acuity level determines whether or not residents will go to a day treatment facility or have an alternative arrangement. This cost is included in the per diem charge for ICF/IID services.

3. Section B. (Plot Plan)

The table of ICF/IID facility distances in relation to the proposed project is noted. However, since this project is an unaddressed location, how did the applicant determine the distances? Was the nearest ICF/DD facility located on 803 Redbud Drive, Greeneville that is 0.8 miles away determined by street distances or over land distances?

Response: The Applicant determined the distances by using the property description provided in the letter of intent, the management agreement, and the Option to Lease to "drop a pin" in Google Maps at the approximate location indicated. The Applicant then used Google Maps' directions feature to determine the street distance to the addresses of licensed ICF/IDD facilities in Greene County from the location of the pin. The distance to the facility on 803 Rosebud Drive, Greeneville is, therefore, a street distance.

4. Section C. (Economic Feasibility) Item 1. Project Costs Chart

The applicant submitted two R-29 pages. Please label the second R-29 pages as R-29A and resubmit.

Response: Please see Supplemental Attachment – R-29A.

5. Section C. (Economic Feasibility) Item 2.

As noted in Question 1, please provide a revised letter or addendum that documents acceptance/willingness of FDG assigning the loan to WCO.

Response: Please see Supplemental Attachment – Supplemental Letter from FDG for a letter from FDG confirming the assignment of the loan to WCO and the latter's acceptance of the assignment. Please also see Supplemental Attachment – Replacement Phase I-IV Chart.

6. Section C. (Economic Feasibility) Item 6.B

Your explanation is noted however it appears that all the Comcare and East Tennessee homes in the service area are 4 bed homes. Please provide charge data for those facilities.

Response: The charge data for private, 4-bed Greene County facilities is listed below. Charge data is based on ICF/IID statistical data reflecting established per diem rates effective late summer or early fall of the year 2014, as indicated in a November 24, 2015 email from Terry Jordan-Henley providing the information in the chart below. Rates are charged per person supported per day and are established by the Tennessee Comptroller of the Treasury. Please note that, while facility addresses are not provided, names are consistent with previously submitted information. Additionally, only rates for private, 4-bed facilities are provided, as public rates are not considered comparable by DIDD, which provided the information. As referenced in the attached email, DIDDs believe the information provided is the appropriate information for comparison purposes. Please also see Supplemental Attachment – November 24, 2015 DIDD Correspondence for correspondence from Terry Jordan-Henley noting the reason for not providing charge information for public ICF/IID's.

Greene County 4-Bed ICF Established Per Diem Rates	
	Rate
COMCARE - A	\$408.75
COMCARE - B	\$415.81
COMCARE - G	\$484.43
COMCARE - H	\$436.28
COMCARE - I	\$428.18

7. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)

Your response to this item is noted. Replacement page 35 could not be located. Please submit replacement page 35.

Mr. Michael Brent
November 25, 2015
Page 4

November 25, 2015

12:47 pm

Response: Please see Supplemental Attachment – R-35.

Please explain what types of disciplines are included in the "Direct Support Professionals".

Response: The Direct Support Staff category refers only to Direct Support Professionals, who assist residents in developing skills in self-help, communication, and socialization as well as training in daily living activities such as hygiene. Direct Support Professionals must have a high school diploma or GED equivalent and must receive annual CPR certification and training sessions on topics such as Crisis Prevention Intervention, Abuse and Neglect, and the American Disabilities Act.

8. Proof of Publication

Your response to this item is noted. Please submit an original full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Response: Please find attached a copy of the notarized publisher's affidavit signed by a newspaper representative and a copy of the full page of the newspaper showing the notice of intent, mast, and dateline at Supplemental Attachment – Proof of Publication. Please note that a second page "zooming in" on the notice of intent is also provided in the event that the text of notice of intent on the full newspaper page is too small.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written Notification is January 15, 2016. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Mr. Michael Brent
November 25, 2015
Page 5

November 25, 2015
12:47 pm

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
HSD

Enclosure

November 25, 2015

12:47 pm

Supplemental Attachment – Supplemental Letter from Servis 1st Bank

November 25, 2015**12:47 pm**

SERVISFIRST BANK
The Tower
611 Commerce Street
Suite 3131
Nashville, Tennessee 37203
servisfirstbank.com

November 24, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37242



RE: Clarification on Financing Letter of Interest for construction and permanent financing of 9 new residential homes for Open Arms Care Corporation.

Dear Ms. Hill :

To clarify my letter of November 20, 2015, it is the intention of the parties that the original loan of up to \$8,000,000 would be a "construction loan" to Facilities Development Group, LLC, which would then be assigned to, or converted to a permanent loan to, WCO AL DP, LLC, a nonprofit limited liability company which is a wholly owned subsidiary of Woodbine Community Organization (with a 7 year maturity). The entire financing transaction (construction and permanent) is anticipated to be at interest rates and terms indicated in the November 20, 2015 letter, and documented accordingly. Please let me know if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Berrell", with a stylized flourish at the end.

Bill Berrell
Senior Vice President
Director, Healthcare Banking

Supplemental Attachment – Supplemental Letter from FDG

November 25, 2015**12:47 pm**

FACILITIES DEVELOPMENT GROUP, LLC
SUITE 400
144 SECOND AVENUE NORTH,
NASHVILLE, TENNESSEE 37201

November 24, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deadrick Street, 9th Floor
Nashville, TN 37242

RE: Open Arms Care Group Homes

Dear Ms. Hill:

To clarify the intent of the provisions of the Development Agreement dated November 20, 2015 between Facilities Development Group, LLC, and WCO AL DP, LLC, we would note that Section 1.03 provides for the sale of the new facility after the completion of construction (with construction to be financed by a construction loan from Servis1st Bank), and Section 2.01 (e) addresses the permanent financing (which is intended to be a permanent loan for all the new facilities). This is to confirm that the intent of the parties in the Development Agreement includes the willingness of FDG to assign the loan to WCO, and the willingness of WCO to assume the loan.

Please let me know if you have any further questions.

Very truly yours,

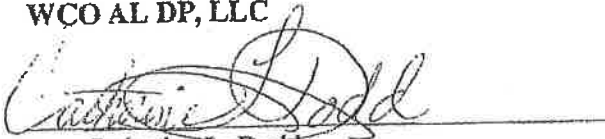
FACILITIES DEVELOPMENT GROUP, LLC



By: Richard Brown

AGREED AND ACKNOWLEDGED:

WCO AL DP, LLC



By: Catherine L. Dodd

Supplemental Attachment – Replacement Phase I-IV Chart

SUPPLEMENTAL #2

November 25, 2015

12:47 pm

160

PHASE I:
FUNDING

PHASE II:
DEVELOPMENT

PHASE III:
TURN KEY
TRANSACTION
(TRANSITION TO FINAL
OWNERSHIP)

PHASE IV:
FINAL OWNERSHIP OF ASSETS
AND OPERATIONS

ServisFirst
Bank

\$\$\$

Facilities Development
Group
(FDG)

Purchase/Develops

LAND

HOUSE

Assigns Loan

WCO AL DP
("Prop-co")

Woodbine
Community
Organization
(WCO)

Ownts

Ownts Ownts

LAND

HOUSE

Leases
Land + House

Open Arms Care Corp.
(OACC)
("Op-co")

Provides
Services

ICF/IID

Services for IID Residents

Management
Contract

Integra
Resources

Operates

Supplemental Attachment – R-29A

November 25, 2015

12:47 pm

Supplemental Attachment – November 24, 2015 DIDD Correspondence

November 25, 2015**12:47 pm****Tanner, Zetterrika**

From: Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent: Tuesday, November 24, 2015 11:12 AM
To: Tanner, Zetterrika
Cc: Theresa C. Sloan; Brent, Michael; John Craven
Subject: RE: CON Applications - Open Arms/GVDC - Hamilton & Greene Counties

Zetterrika, I hope the following provides the information you need to address the key issue in the requests for additional information for Hamilton and Greene counties.

HAMILTON COUNTY:

Based on ICF/IID statistical data reflecting established per diem rates effective 10/01/14 or 7/01/14, as applicable to the provider, comparable private ICF/IID rates are as follows.

Facility/Address	Rate Info.
Orange Grove - C	504.38
Orange Grove - D	423.47
Orange Grove - E	492.26
Orange Grove - F	558.10
Orange Grove - G	516.13
Orange Grove - H	471.78
Orange Grove - I	530.57
Orange Grove - J	414.06
Orange Grove - K	526.96
Orange Grove - L	588.75
Orange Grove - M	370.79
Orange Grove - N	359.64
Orange Grove - O	624.00
Orange Grove - P	515.46
Orange Grove - Q	527.82
Orange Grove - R	529.61
Open Arms Care - A	440.73
Open Arms Care - B	433.58
Open Arms Care - C	429.33
Open Arms Care - D	427.82
Open Arms Care - E	435.00
Open Arms Care - F	426.26
Open Arms Care - G	432.01
Open Arms Care - H	435.28

GREENE COUNTY:

November 25, 2015

12:47 pm

Based on ICF/IID statistical data reflecting established per diem rates effective 10/01/14 or 7/01/14, as applicable to the provider, comparable private ICF/IID rates are as follows. Public ICF/IID rates are not included as they are not comparable.

Facility/Address	Rate Information
COMCARE - A	408.75
COMCARE - B	415.81
COMCARE - G	484.43
COMCARE - H	436.28
COMCARE - I	428.18

Thanks, tjh



Terry Jordan-Henley | Deputy Regional Director
East Tennessee Regional Office
Department of Intellectual and Developmental Disabilities
520 W. Summit Hill Dr, Suite 201
Knoxville, TN 37902
Ofc. 865-594-9302, Cell 865-313-1264
terry.jordan-henley@tn.gov
[@didd tn](http://tn.gov/didd)

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Supplemental Attachment – Proof of Publication

November 25, 2015**PROOF OF PUBLICATION**

Acct. Name:

BRADLEY ARANT BOULT

Acct. # 258687

STATE OF TENNESSEE

COST OF PUBLICATION

COUNTY OF GREENE

Total \$298.66

PERSONALLY appeared before me

_____ of Greene County, Tennessee.

who being duly sworn, made oath that he/she is a
 representative of the Publisher of THE GREENEVILLE SUN,
 a newspaper of general circulation, published in the City of
 Greeneville, County of Greene and State of Tennessee and that the
 hereto attached publication appeared in the same on the
 following dates:

NOTIFICATION OF INTENT T .

11/06/2015

The Greeneville Sun

P.O. BOX 1630, GREENEVILLE, TN 37744

(423) 638-4181



Subscribed and sworn to before me on this 11th day
 of November, 2015

Newspaper Representative: _____

Notary Public: _____

My Commission Expires: _____

The referenced publication of notice has also been posted (1) On the newspaper's website, where it shall be published contemporaneously with the notice's first print publication and will remain on the website for at least as long as the notice appears in the newspaper; and (2) On a statewide web site established and maintained as an initiative and service of the Tennessee Press Association as a repository for such notices.

Place your ad by calling 423.638.4185 Fax to 423.638.7348 • Online at GreenevilleSun.com

Public Notices

NOTIFICATION OF INTENT TO APPLY
FOR A CERTIFICATE OF NEED

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

November 25, 2015**12:47 pm****AFFIDAVIT**

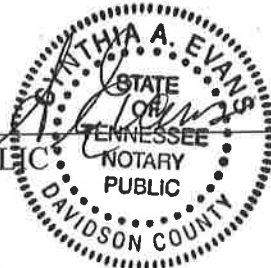
STATE OF TENNESSEE
COUNTY OF DAVIDSON

Michael D. Brent, being first duly sworn, says that I am the attorney for the manager of the applicant named in this Certificate of Need application, or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Michael D. Brent, Attorney

Sworn to and subscribed before me, a Notary Public, this the 25th day of November, 2015, witness my hand at office in the County of Davidson, State of Tennessee.


NOTARY PUBLIC

My commission expires: September 11, 2017

My Commission Expires SEPT. 11, 2017



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

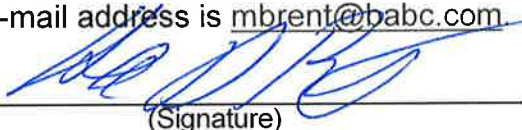
Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Greeneville Sun, which is a newspaper of general circulation in Greene County, Tennessee, on or before November 6, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the establishment of a four-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), to be managed by Integra Resources, LLC, a Tennessee limited liability company. The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 1.37 acres, which lot is the east half of the parcel of approximately 2.74 acres located on the south side of East Church Street, Greeneville (Greene County), Tennessee 37743, which is located approximately 0.05 mile east of the intersection of East Church Street and Edgewood Drive, and also described as a portion of Parcel 099 050.04 in the records of the Greene County Tax Assessor. The facility is being established to transition four individuals from the Greene Valley Developmental Center, which is scheduled to close on June 30, 2016. The estimated project cost is \$1,370,000.00.

The anticipated filing date of the application is on or before November 11, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@babbc.com.


(Signature)

Nov. 6, 2015
(Date)

mbrent@babbc.com
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

MEMORANDUM

TO: FROM:

Melanie Hill, Executive Director
Health Services and Development Agency

Theresa Sloan, Assistant Commissioner and General Counsel;
Tennessee Department of Intellectual and Developmental Disabilities



DATE: December 3, 2015

RE: Review and Analysis of Certificate of Need Application
Open Arms Care Corporation- CN1511-052

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68- 11- 1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD) the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the DIDD report. At a minimum, and as noted in TCA § 68-11-1608, the report provides:

- (1) Verification of application-submitted information;
- (2) Documentation or source for data;
- (3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;
- (4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;
- (5) Specific determinations as to whether a proposed project is consistent with the state health plan;
- (6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact me at (615) 253-6811

cc: Debra K. Payne, Commissioner, DIDD
Jordan Allen, Deputy Commissioner, DIDD
John Craven, ETRO Director, DIDD
Lee Vestal, Director of Risk Management and Licensure, DIDD

**REVIEW AND ANALYSIS CERTIFICATE OF NEED APPLICATION
 # CN1511-052**

Opening Remarks on the Project

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Michael Brent, Esq. (Bradley Arant Boult Cummings, LLP.) on behalf of Open Arms Care Corporation for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, on a lot which does not currently have a separate street address, which is located on the south side of East Church Street , Greeneville, Greene County TN. Open Arms Care Corporation is a Georgia non-profit corporation qualified to do business in Tennessee . Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Greene County TN. The report has three (3) parts:

- A. Summary of Project
- B. Analysis - in three (3) parts:

<u>Need</u>	<u>Economic Feasibility</u>	<u>Contribution to the Orderly Development of Health Care</u>
Evaluated by the following general factors: A. Relationship to any existing applicable plans; B. Population to be served; C. Existing or Certified Services or Institutions; D. Reasonableness of the service area; E. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); F. Comparison of utilization/ occupancy trends and services offered by other area providers; G. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and H. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility.	Evaluated by the following general factors: A. Whether adequate funds are available to complete the project; B. Reasonableness of costs; C. Anticipated revenue and the impact on existing patient charges; D. Participation in state/federal revenue programs; E. Alternatives considered; F. Availability of less costly or more effective alternative methods; and G. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.	Evaluated by the following general factors: A. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); B. Positive or negative effects attributed to duplication or competition; C. Availability and accessibility of human resources required; D. Quality of the project in relation to applicable governmental or professional standards; and E. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

- C. Conclusions

A: SUMMARY OF PROJECT

Submission of Application

Michael Brent, Esq. (Bradley Arant Boult Cummings, LLP.), on behalf of Open Arms Care Corporation has submitted this CON, for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, at to be located, on a lot which does not currently have a separate street address, which is located on the south side of East Church Street, Greeneville, Greene County TN. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Greene County TN.

The Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility (ICF/MR)" (Item 7.H.) and the purpose of review is "New Institution" (Item 8.A.).

Applicant Profile, Ownership, Management, and Licensure

As previously noted, the Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility" (Item 7.H.) and the purpose of review is "New Institution" (Items 8.A.). The Applicant Profile also shows that the Owner of the Facility, Agency or Institution, is Open Arms Care Corporation, which will be operated by Integra Resources, LLC. Item 9 of the Applicant Profile shows the bed complement as noted previously: four ICF/IID beds all of which are the number of proposed beds and beds at completion.

In Section B Project Description the Applicant explains and details the project as being the construction of a new four bed ICF/IID facility in Greeneville, TN. This facility will be constructed or the purpose of transitioning four individuals from the GVDC into a smaller group home in the community. This transition is required as a result of the closure of the GVDC as a result of an agreed upon exit plan in a 19 year old lawsuit *People First of Tennessee, et al. v. Clover Bottom Developmental Center, et al.* Open Arms Care Corporation has financial resources to open this home as shown in Section C Economic feasibility of Original CON Application.

The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee and is very familiar with the licensing process through DIDD. A new license for a Mental Retardation Institutional Facility would be issued by DIDD, to provide ICF/IID services at this home.

Scope of the Proposed Project

As noted, the Applicant seeks to establish a new four bed ICF/IID at to be located, on a lot which does not currently have a separate street address, which is located on the south side of East Church Street , Greeneville, Greene County TN. The new facility will serve individuals with severe Intellectual Disabilities who require institutional level of care. These individuals have multiple special needs including health care, assistance with hygiene, dietary services, physical therapy, and activities of daily living. Open Arms Care

Corporation is a private, not-for-profit corporation which has cared for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee.

Operations

The proposed service area identified by the applicant is Greene, County in East Tennessee.

The need for the development of four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community, such as the home this CON is being requested to build.

Project costs are estimated at \$1,370,000, as noted on page R-29 of Supplemental #2, for completion of the new four bed home. The projected date of completion of the project and the initiation of services is December, 2016.

B: ANALYSIS

NEED:

The Guidelines for Growth include a population-based estimate of the total need for ICF/IID facilities of 0.032 percent of the general population. This estimate is based on the estimate for all Intellectual Disabilities of 1 percent of the general population. Of the 1 percent estimate, 3.2 percent are estimated to meet level 1 criteria and be appropriate for ICF/IID services. The applicant identified the proposed service area for this project as Greene County in East Tennessee. The total population in Greene County as of 2015 is estimated at 71,945. Applying the Guidelines for Growth formula to this population estimate indicates a need for 23 ICF/IID beds in this service area. However, this formula was developed prior to the plan for closure of the GVDC and does not reflect the actual needs for ICF/IID beds as a result of the closure. Currently GVDC has 85 ICF/IID beds in Greene County, with the closure of GVDC these beds will no longer be available to support persons with ID who qualify for and need an institutional level of care and currently live in Greene County, TN. All four of the proposed new ICF/IID beds will be created to support persons moving out of the GVDC. Therefore, the need for these ICF/IID beds is present, and under the current circumstances, the closure of GVDC and the 85 beds currently located there must be taken into consideration when applying the Guidelines for Growth formula. The approval of these beds will have no net increase in the number of ICF/IID beds with the closure of GVDC.

ECONOMIC FEASIBILITY:

The anticipated cost for this project is \$1,370,000 for construction of the new four bed ICF/IID home as

described above. Based on information submitted by the applicant, sufficient cash reserves appear to be in place to fund this project, as outlined in Attachment C. Economic Feasibility-2). The project financing will include a commercial loan to the landlord. The project involves the construction of a new four bed ICF/IID home located in Greeneville, Tennessee. It is a 2800 square foot, one story home located on a 1.37 acre lot. As explained on Page 14 of the application, the facility design includes four bedrooms, living room, dining room, kitchen, laundry, and associated storage areas. The home will have two large, fully accessible bathrooms and one half bath. It will be constructed of brick with asphalt shingles and will have a residential sprinkler system. As explained above the construction of this ICF/IID home will add four additional ICF beds in Greene County.

Open Arms Care Corporation, projects an occupancy rate of 100% for this project for both year 1 and year 2, since the beds will be immediately filled by the relocation of residents from the Greene Valley Developmental Center. The majority of ICF/IIDs in its proposed service area operated at 100% occupancy across the full three year period. Based on this information the projected occupancy rate appears to be reasonable.

Net operating revenue is anticipated of \$1,157,833 the first year of operation and \$1,180,990 the second year. All revenue will be from Medicaid. The average gross charge is expected to be \$793.04 per day for the first year of operation. The per diem rates for ICF/IID facilities are set by the State of Tennessee Comptroller's Office, based on the "Intermediate Care Facility Statement of Reimbursable Cost" form submitted annually by all ICF/IID providers.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE:

Open Arms Care Corporation plans to fill the four ICF/MR beds associated with this project by relocating four residents from the Greene Valley Developmental Center. There are no other ICF/IID facilities in the proposed service area in East Tennessee with vacant ICF/IID beds, so this proposal should not have a negative impact on other providers. Open Arms Care Corporation will provide complete support services for residents of this facility based on their individual care plans. Open Arms Corporation is in the process of developing relationships with all area hospitals, there is no difficulty anticipated in this given the years of ICF/IID experience this provider has in other areas of the state.

The proposed staffing pattern reported by the applicant provides for the current staffing levels required by ICF/IID regulations, which includes .33 FTE hours for RN, 2.8 FTE hours for LPN staff, and 11.23 FTE hours for Direct Support Professionals. This appears to be a sufficient number of nurses and direct support professionals to staff the four bed home.

Open Arms Care Corporation ICF/IID facility would be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as a Mental Retardation Institutional Habilitation Facility. The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and has been providing care for approximately one third of the state's population requiring ICF/IID services since 1990. The Applicant operates over 30 facilities across Tennessee and is very familiar with the licensing process through DIDD.

C: CONCLUSIONS:

As noted above, the Department of Intellectual and Developmental Disabilities (DIDD) is the agency responsible for licensing Mental Retardation Institutional Habilitation Facilities, which provide ICF/IID service and is also the department that is responsible for the provision of services for individuals with intellectual disabilities. Therefore, DIDD as the experts in the field of intellectual and developmental disabilities has reached the following conclusion regarding this Open Arms Care Corporation Certificate of Need application for establishment of a four bed ICF/IID facility in Greene County to serve individuals being relocated from the GVDC.

The Need for the approval of a four bed ICF/IID operated by Open Arms Care Corporation is supported by the Guidelines for Growth population-based formula, with the closure of GVDC being taken into account. Need for the four bed ICF/IID facility is also supported by the Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community.

The cost of the project appears to be reasonable, and will save the state money based on the closure of the GVDC and the cost associated with running an older larger congregate facility. The project can be completed in a timely manner. Adequate funding is available and projected utilization and revenue should be sufficient to ensure the economic feasibility of the project.

This project would contribute to the orderly development of healthcare by allowing residents of The GVDC to receive services in a smaller, more personal living environment consistent with current standards of care for individuals requiring ICF/IID services.

In conclusion, the Department of Intellectual and Developmental Disabilities supports approval of Open Arms Care Corporation's Certificate of Need application for the establishment of a four bed ICF/IID in Greene County Tennessee.